

23 January 2018
Snap

Eurozone consumer confidence jumps to highest level since August 2000

Eurozone consumer confidence soars to the fourth highest reading on record. And that's reinforcing our targets for strong GDP growth through 2018

1.3 Eurozone Consumer Confidence January
Up from 0.5

Better than expected

Eurozone consumer confidence jumps from 0.5 to 1.3 in January, the fourth highest reading on record. The outlook for domestic demand remains very favourable, confirming our expectations of continued strong GDP growth early in the year

If Eurozone consumers had listed “exerting confidence” as a New Year’s resolution, they sure would be off to a good start. With inflation still low, job growth surprising on the upside, house prices increasing and growth forecasts adjusted upwards, there is a lot to like for consumers and that’s evident. The current mood among consumers is nothing short of ecstatic and current levels of confidence are generally associated with further acceleration in household consumption growth. Uncertainty about possible Eurozone reform, Italian elections and the success of the German coalition negotiations clearly take a backseat to improved economic factors.

Over the past few months, consumer confidence improved most notably because of a much more positive view on the general economic situation, modest improvements in assessments of the financial situation and increased amounts of current and expected major purchases. This indicates that optimism and stronger consumption are going hand in hand, spurring the household consumption component of GDP growth. While unemployment expectations have become slightly less favourable over the last months of 2017, this is actually at odds with businesses indicating that hiring expectations remain very high.

With such a favourable outlook, it could well be that the record for consumer confidence could be breached a few more times in 2018. This, in turn, confirms the rosy short-term picture for Eurozone growth.

Bert Colijn

Senior Economist, Eurozone

+31 20 563 4926

bert.colijn@ing.nl

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