

## Eurozone consumer confidence jumps despite extended lockdowns

Confidence increased from -14.8 to -10.8 in March, the highest reading since February last year. With vaccinations closer on the horizon and unemployment having come down in the second wave consumers are increasingly upbeat confirming a consumption rebound in 2021



Shoppers in Munich

The improvement in consumer confidence was surprisingly strong and could well relate to some modest easing of restrictions since February. The most recent tightening of measures to combat a possible third wave came after most of the survey was already completed, which does mean that next month's release may disappoint again. Still, optimism about the months ahead seems to prevail in the current result, which bodes well for the GDP rebound once the economy does reopen.

Despite setbacks related to vaccinations and increased new cases of the virus, there is a lot to like for the consumer at the moment. The reopening of economies is getting closer and incomes have remained fairly stable. Thanks to furlough schemes, unemployment has only trended down during the second wave so far. That has increased the savings rate once more as incomes have been stabilised and spending possibilities were limited thanks to restrictive measures.

This bodes well for the reopening phase although we do note that consumers have remained

concerned about future unemployment and that savings have been uneven across the income distribution, limiting the potential rebound. Regardless, we do expect sizable consumption recovery over the course of the year as a main driver of the GDP rebound.

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