

## Eurozone consumer confidence dips slightly

Confidence has been zigzagging over the past few months, albeit at historically high levels. Some worries about higher inflation could have influenced the October drop, but the outlook for household consumption in the fourth quarter remains decent overall



A cool woman on her phone in Paris

October showed a decline in consumer confidence from -4 to -4.8. To us, this indicates that the eurozone consumer remains relatively comfortable for the moment. The spike in market gas prices has evidently not yet had too much of an impact. Even with inflation already at 3.4%, higher prices do not seem to put consumers off spending just yet. This gives a strong indication that consumers are in a position of relative strength for now.

Higher savings have on average created a buffer among households and unemployment continues to decline at a decent pace. Already increasing inflation and higher gas bills on the way do cause some discomfort, but not yet enough to derail consumer confidence too much on average. Mind you, we do expect some crowding-out effect of other types of consumption, especially for the lower-income households, but recovery effects are likely to be strong enough to not let this derail the recovery. Expect continued consumption growth as a driver of GDP growth in 4Q, although at a weaker pace than in 3Q.

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