

Snap | 22 November 2017

## Eurozone consumer confidence surges to 8th highest reading since 1985 in November

Consumer confidence jumped unexpectedly to its 8<sup>th</sup> highest reading since the indicator started in 1985. The outlook for consumption is improving, providing further upward pressure on GDP growth.



Except for a few brief months in 2000 and January 2001, Eurozone consumers have not been this confident. As the economic expansion has accelerated in 2017, consumers are now little short of exuberant. While there is still plenty of weakness in the Eurozone economy and many parts of the economy have yet to recover from the prolonged economic crisis, consumers are focusing on the economic direction, which seems to be up for the moment. The fact that the outlook for ambitious Eurozone reform has weakened in recent weeks does not seem to have had an effect whatsoever.

The recent period of steady employment growth, slight improvements in wages and low inflation has caused real income growth to improve. The outlook for employment remains positive, which consumers are picking up on. The expectations for unemployment are near historic lows at the moment, according to the survey for October (November detailed data has yet to be released). This also means that expectations for personal finances have been improving over recent months.

With Eurozone consumers more confident than the Harlem Globetrotters or the German national team ahead of a game against Andorra, our outlook for consumption has the potential to be increased. With data points like this coming out, the Eurozone economy is on its way to extend a surprisingly positive run into 2018.

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