

## Eurozone consumer confidence ticks up in January

Consumer confidence improved slightly from -8.3 to -7.9 in January. Favourable conditions for consumers slightly outweigh concerns about the global economy at the beginning of the year



Source: Shutterstock

A small uptick in confidence is hardly anything to cheer about after an entire year of concerns for Eurozone consumers. If anything, it may provide some evidence that real income improvements can impact confidence positively in uncertain times.

Petrol prices have dropped significantly and are now 11% below the peak that was recorded in October 2018 and adds to the favourable environment for purchasing power. Even though employment growth has started to slow somewhat, wage growth is still increasing. With lower inflation, that bodes well for consumption in the first months of the year. A modest recovery of the stock market in January may have also helped the small increase in confidence.

Concerns remain abundant for the consumer though. Worries about Brexit, the 'yellow vest' protests, a possible technical recession in Italy and the ongoing trade war have hit consumer expectations for the economic situation and added to concerns about personal unemployment in the months ahead. This curbs the outlook for domestic demand, despite favourable consumption conditions,

which means very modest GDP growth at the start of the year remains the most likely scenario for the Eurozone.

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