

Snap | 20 May 2022

Eurozone consumer remains downbeat

The consumer confidence indicator ticked up slightly in May, from -22 to -21.1. This confirms persistent concern about high inflation and a weak global economic outlook and will add to slowing household consumption in the quarters ahead



Consumer confidence is still not that far above first lockdown lows even though it slightly improved in May. These levels of confidence have only been seen in recessions in the past 40 years, which leads to a gloomy outlook for consumption for the months ahead.

It's entirely reasonable for consumers to be downbeat about their finances and the global economy. With prices soaring and concerns about the global economy becoming more widespread, it makes sense that consumers are cautious for the moment. Retail sales already showed that 1Q spending was the weakest since 2Q 2021, but early 2Q data show a positive reopening effect on demand for services.

The question is what consumers will actually do. Do bars and restaurants remain too tempting to spend on now that it's possible and relatively safe again to go out? Or do consumers quickly adjust spending patterns down as ugly energy bills continue to come in? Tuesday's PMI will shed more light on whether reopened service sectors are still profiting from excess consumption, but our best guess is that the reopening wave of consumer activity will not last much longer.

Author

Bert Colijn

Senior Economist, Eurozone

bert.colijn@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.