

Snap | 21 May 2019

## Eurozone consumers (slightly) more optimistic in May

Consumer confidence picked up to a seven-month high in May, indicating that decent consumption growth is likely to continue in the second quarter.



Source: Shutterstock

Decent consumption growth is likely to continue to underpin modest eurozone GDP growth in the second quarter. So far, consumers aren't showing any signs of delayed spending due to global uncertainty at the moment and higher petrol prices have also not caused material concern about personal finances. Real disposable income growth is developing favourably at the moment, boosting consumer spending ability.

While concerns about global economic conditions and possible impact on employment were a key factor in driving confidence in 2018, 2019 has started with more optimism. It seems personal finance are driving the story at the moment, which would be favourable for confidence development among low unemployment and modest inflation expectations for the summer months. But with global trade concerns flaring up again, concerns about global economic conditions could make a comeback.

This first confidence indicator of the month brings cause for modest optimism as it helps the household consumption outlook for Q2. With industry continuing to show concerning signs for growth in April, the question is whether May will bring stronger numbers from the PMI later this week.

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