

Snap | 6 May 2021

They're back! Eurozone retail sales jump as shoppers return

Eurozone retail sales jumped in March as easings caused eager consumers to increase retail spending. This bodes well for the months ahead when further restrictions can be expected to be lifted. While 1Q GDP was still negative, the recovery actually started earlier



And they're back!
Shoppers in Cologne,
Germany

Eurozone retail sales jumped by 2.7% in March as easings of restrictions on shopping have obviously had a strong effect on consumption growth. This marks the second monthly increase in a row, indicating that January marked the second wave bottom in terms of retail sales. The recovery therefore already started over the course of the first quarter and we expect it to continue from here.

Among the larger countries, Germany and Netherlands showed the strongest improvements at 7.7 and 8.4% respectively, while France lagged with a -1% decline. This shows how important restrictions continue to be for the retail sector, dominating the growth profile.

For the months ahead, retail is still expected to show some catch-up as restrictions are expected to ease further. Consumer confidence is almost back at pre-pandemic levels, savings have increased and unemployment has been coming down over the course of the second wave. This makes a

quick rebound in domestic demand a likely prospect for the summer months, helping GDP to be quick out the gates once restrictions are eased more structurally.

Author

Bert Colijn

Chief Economist, Netherlands

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 www.ing.com.