

Snap | 22 August 2019

## Eurozone consumers somewhat more pessimistic in August

Consumer confidence dropped from -6.6 to -7.1, slightly above the June reading of -7.2. Confidence continues to zigzag as optimism about current personal finances and jobs is combined with pessimism about the general economic outlook



Vasco da Gama shopping center in Lisbon, Portugal

The eurozone consumer continues to be in limbo about where things are headed, which leads to caution about the future. The current situation for consumers is not that bad, with unemployment at low levels and rising wage growth. Inflation also remains at favourable levels at the moment, leading to a positive environment for household finances.

Dark clouds are hovering above the consumer though as concerns about a recession increase. Even though no breakdown of the underlying questions has been released so far, the recent trend shows a consumer who is worrying more about unemployment in the coming year. Increasing concerns about a no deal Brexit, the Italian government, the trade war and an economy slowing down are no doubt also fuelling pessimism among consumers.

While August's move was down again, the overall movement in consumer confidence has been sideways this year and this reading seems to be in line with that trend. This is consistent with

continued subdued consumer spending, helping GDP growth to remain positive this quarter.

## Author

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

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