

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

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>.