

## Eurozone consumption shows no sign of acceleration as retail sales fall in January

The decline in January indicates that the gradual downward trend in retail sales persists despite notable gains in purchasing power. This aligns with our expectations for a weak start to the year for eurozone GDP



The eurozone's retail sales are now 0.6% below the peak observed in September

Retail sales showed signs of recovery during the first three quarters of 2024. However, this gradual improvement began to decline in September. January marks the fourth consecutive month without growth in sales volumes, with the eurozone's retail sales now 0.6% below the peak observed in September.

The softness in sales volumes is remarkable given the fast recovery in purchasing power. Wage growth far outpaces inflation at the moment, resulting in quick real wage recovery. However, this has yet to translate into a robust rebound in consumption.

Concerns about the general economic situation and unemployment have increased over the past year. This has correlated with a higher savings rate. Despite concerns about unemployment increasing, the actual unemployment rate reached a new low of 6.2% in the eurozone. This indicates that the labour market remains tight despite consumer worries.

This year, we expect the improved purchasing power to translate into stronger consumption. The degree to which that happens very much depends on whether consumers feel confident to spend the increased amount of money in their pockets. For now, we expect uncertainty to result in spending weakness for the first quarter, meaning GDP growth will likely remain very sluggish.

## Author

### Bert Colijn

Chief Economist, Netherlands

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