

## Eurozone: Large drop in retail sales but it comes with green shoots

A first peek at consumption in the second quarter confirms that the second quarter will be worse than the first, but some silver linings are to be noted as lockdowns ease. Google mobility data indicates the daily activity at retail shops has been very cautiously increasing again



Source: Shutterstock

The unprecedented decline in sales continues, which was more or less to be expected as the lockdown in April covered the full month for most of the eurozone countries, while it only covered half of it for March.

The declines were still very modest by comparison for countries with softer lockdowns including Germany and the Netherlands experienced declines of -5.3 and -5.7% respectively. Austria, which saw shops reopen after Easter experienced a milder decline in April than in March as sales contracted by just -6.1% after a drop of -13.7%. Spain and France had larger declines of around -20%.

## *Google mobility data indicates that daily activity at retail shops has been very cautiously increasing again*

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The level of sales is now at its lowest since the start of the series in 2000 and the big question is what the recovery will look like from here onwards. There are some green shoots to be noted and it doesn't even require a hopeless optimist to see it.

Google mobility data indicates that daily activity at retail shops has been very cautiously increasing again from a low point at the end of March or early April already, so there are signs that May should post a small gain again. The April data is already giving us some clues about a turnaround as differences between sales categories are telling.

Food and beverage sales dropped by -5.5% in April after a rise in March due to hoarding, which also holds good for pharmaceutical products. That reversal is the main contributor to the larger decline in April than March as the downturn eased for sales in non-food products.

That should provide some hope for a small increase from the record low April base in May.

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