

## Eurozone retail sales fully recovered in June

Wait, is that a V? Sales were back above February levels in June, confirming expectations of a quick start to the recovery due to the reopening of the economy. Don't translate this into a V-shaped recovery for the broad economy though; it is set to fall short



Socially distanced shoppers in Berlin

The recovery in retail sales paints a rosy picture about the eurozone economic recovery from the lockdown as sales recovered to pre-crisis level in June. This V-shaped recovery in retail sales is supported by a large amount of pent up demand as shops have been closed throughout most of the eurozone for the lockdown period. These figures confirm that initial spending has been able to close the gap already. By country, Germany, France and the Netherlands saw sales well above February levels, while Italy and Spain are still somewhat below the pre-crisis mark.

In June, textiles, clothing and footwear were the best performing sales category together with petrol, at a 20.4% growth compared to May. Electrical goods and furniture had seen a strong rise in May already and sales did not increase this month. Food, drinks and tobacco sales declined slightly in June, possibly because of people returning to restaurants and bars as they reopened.

## *Don't get too excited about these strong numbers*

---

Don't get too excited about these strong numbers though, as pent-up demand fades, the picture of rising unemployment and a stalled recovery in consumer confidence will subdue sales growth in the second half of the year. The big question is whether the increase in household savings will lead to people consuming more in the months ahead or whether they will save because of an expected prolonged economic slump. It is not unimaginable that retail sales will drop back to levels below the June peak and will then take a while to return. We're therefore not sure this is a V-shape until we know what happens in the coming months.

All in all, this is to some degree an encouraging number for the broader economic recovery as it confirms that the sales recovery is fast out of the starting gate. Then again, retail sales cover a part of the economy that is relatively well-positioned to recover quickly as shopping for goods is not as limited by social distance and other safety measures than other parts of the economy. And we have a warning to expect a similar pattern in GDP; its recovery is likely to fall well short of these rosy June sales figures.

### Author

#### **Bert Colijn**

Senior Economist, Eurozone

[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 <http://www.ing.com>.