

Snap | 5 July 2024

## Eurozone retail sales continue to creep up slowly

The 0.1% increase in May doesn't sound like much, but after years of recession, evidence is mounting that the bottom in retail trade is behind us. With real wages improving, the second half of 2024 should see a continuation of the cautious upward trend



After a boom in 2021 on the back of store reopenings, a long correction for retail ensued. The peak in sales happened in November 2021, after which sales entered a recession that lasted well into last year. Signs of bottoming out started late last year, but around the turn of the year eurozone retail sales experienced another three consecutive declines, casting doubt on whether the downward trend had been broken. Since March this year, retail sales have held at a slightly higher level, which means that we can now say with more comfort that a slow turnaround is underway.

While retail volumes are still 3.5% below their post-pandemic peak, these tentative signs of recovery mean that consumer spending is likely to show upside for the rest of the year. Then again, this is not a swift rebound by any means. Improvements in volumes are still ever so slight and inventories remain high in the sector. But still, a turnaround has to start somewhere and with real wage growth improving, expectations of stronger sales over the course of this year are not unrealistic. For GDP growth, this means that expectations of somewhat better economic growth on

the back of household consumption recovery are still in the cards.

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