

Eurozone retail sales continue to strengthen

Eurozone sales are soaring on the back of buoyant consumer demand and consumption is a key driver of GDP growth.



Soaring sales

It can hardly be a surprise that sales are soaring at the moment. Job growth in the Eurozone is accelerating, consumer confidence reached its highest level since 2001 in June and price growth continues to be subdued. This favourable environment has caused retail sales to increase by 3.1% year-on-year in June, the strongest annual growth rate in about two years. The level of sales is the highest on record. All product categories saw healthy increases of around 3% YoY with electrical goods and furniture growing the strongest at 3.9% YoY.

0.5%

Retail sales growth (% MoM)

Better than expected

To be continued

The strong momentum for consumption is likely to continue in the months ahead. Even though consumer confidence is levelling off somewhat with a slight decline in July, it is still at unusually high levels. As price growth is expected to remain subdued for the months ahead and businesses are expecting a further acceleration of job growth, it seems that consumer spending continues to have upside potential in the months ahead. That, in turn, means that sound economic growth in the Eurozone will continue to be supported by the consumer.

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