

## Eurozone retail sales dip further than expected in July

Retail sales dropped by 0.2% in July, slightly worse than expected. While this marks a poor start to the third quarter, it does look like the declining trend in sales from recent years is starting to moderate



We're not convinced that we'll see many signs of improvement for eurozone retail sales before the second half of 2024

The decline in eurozone retail sales was mainly driven by northern economies such as Germany, the Netherlands, Belgium and Ireland, which all posted quite significant drops in retail trade in July. France and Spain actually saw improving sales volumes, and Italy has yet to publish data so far.

Overall, today's data point fits the lacklustre trend in retail sales seen since mid-2021. Since then, we have seen a correction in consumption where services regained consumption share as economies reopened. This came at the expense of goods consumption, which had seen overspending in the early pandemic period.

Still, it appears as though we're seeing an easing of the correcting trend in retail sales. In recent months, it looks like sales have been bottoming out somewhat. This could indicate that the post-pandemic consumption shock is settling and that the improvement in real wages provides some support for the sector battling declining volumes. While it's still early to draw definitive conclusions, this would be favourable for retail and goods production.

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