

Eurozone retail sales drop partly reflects Black Friday popularity

The increased popularity of Black Friday made retail sales in December look overly weak. But taking November and December together, growth in sales was just modest, indicating that Black Friday doesn't account for all of the weakness



Source: Shutterstock

Retail sales fell by -1.6% month-on-month in December, after a jump of 0.8% in November. The decline was across product categories, with the exception of fuel sales which profited from lower oil prices. Annual growth in sales dipped to 0.8%, the weakest since September.

The rise in popularity of Black Friday means that December sales are looking overly weak. As the shift from December to November shopping has not yet ended, seasonal adjustment will fail to correct for this shift for now. Looking at the three-month moving average of retail sales which mutes the Black Friday effect, we see a recovery of growth in sales towards the end of the year after a stagnation in sales over the summer. While growth in sales has picked up for the holiday months, the combined annual growth for November-December 2018 was weaker than in previous years at just 1% compared to 2.8% in 2017, reflecting concerns about the global economy.

The outlook for consumption continues to be strong. Petrol prices for the eurozone have stabilised at a low level in January, which will dampen inflation data significantly over the coming months. With continued labour market strength, this means that real income growth in the eurozone is likely to benefit retailers. Uncertainty about the global economy continues to be the main factor holding back consumption growth, causing us to maintain a moderate outlook for domestic demand in the coming months.

Author

Bert Colijn

Chief Economist, Netherlands

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>.