

Snap | 6 June 2024

## Eurozone retail sales dropped in April as lacklustre trend continues

The drop in sales indicates that retail sales remain on a stagnant trend for the moment in the eurozone. While most of the economy seems to be gearing up for some modest recovery, retail seems to be lagging behind the trend for now



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

After a decent March, retail got another reality check in April with a decline in retail trade of 0.5% month-on-month, leaving the volume of trade only marginally above the February level. Overall, the broad trend of stagnation that started in 2023 seems to be continuing for the time being, with no meaningful recovery expected this quarter. As a reminder, retail trade boomed straight after lockdowns but peaked in November 2021, and we're currently still about 4% below that peak in retail sales.

Eurozone consumers have been recouping purchasing power recently as wage growth now outpaces inflation in the bloc. Over the past years of reopening, the consumption recovery has been lopsidedly focused on services, and the question is when retailers are going to profit from the recovery of real wages in the eurozone.

April's sales data still shows little reason to cheer though, and recent retail surveys also reveal that a sales recovery is not yet imminent. Expectations about the months ahead remain downbeat and

volume of stocks continue to grow for now. The intention of placing orders is slightly improving, but at the same time, selling price expectations are still decreasing. Overall, we think that it'll be the second half of 2024 before much improvement is seen here.

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