

## Cautious eurozone consumers stay home as retail sales stagnate

Eurozone retail sales increased by 0.1% in August compared to July. This sales trend has been roughly flat since April. The worried eurozone consumer is seemingly shying away from the shopping street despite improvements in purchasing power across the bloc



Shoppers in Verviers, Belgium

Retail sales had been recovering from mid-2023 until the first quarter of this year. But the heating up of the trade war seems to have coincided with a more cautious European consumer. Indeed, confidence dipped significantly in April but did recover somewhat in the months after when it became clear that the trade war did not escalate. Still, retail trade volumes have remained largely unchanged since then, which suggests that the third quarter is also likely to be a muted one for consumer spending again.

The fundamentals for eurozone household spending do remain strong. Wage growth remains well above inflation at the moment, which means that real wage growth remains positive. We expect this to level off in the coming quarters, but the hit of the inflation shock of 2022 has been recovered.

So the question remains: will consumers dare to spend some of their income gains, or will they

mainly save up? The latter has been the answer recently, but there does seem to be some light at the end of the tunnel. Despite being concerned about the general economic situation and more worried about possible increases in unemployment, the latest confidence survey showed a rebound in consumer confidence, indicating that they plan to make a major purchase in the coming year. For 3Q, don't expect a strong increase in spending yet, though.

## 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 [www.ing.com](http://www.ing.com).