

## Eurozone retail sales continued to trend down in September

The 0.3% drop in retail sales in September confirms a continued weak consumption environment for goods. The outlook for retail is slowly improving, but the turning point is hard to determine. For GDP, this adds to our view of slightly negative growth for the fourth quarter and first quarter of next year



Retail contributed negatively to 3Q GDP – which was down by 0.1% - with three months of declining trade volumes. This confirms a trend ongoing since late 2021, which is in part induced by weaker overall demand but also to a degree by overspending on goods in 2020 and early 2021. This effect has largely been corrected for, however, meaning that current weakness seems to be driven more by high prices.

Cautiously, we'd expect the tide to start changing over the course of next year. With real wage growth turning positive and unemployment not expected to increase dramatically, a bottoming out of retail sales seems likely for 2024. We only expect some meaningful recovery to happen in the second half of 2024 though as the effects of the large decline in real wages of last year are expected to drag down consumption early next year as well.

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