

Eurozone retail sales slide back to a downward trend once again

Despite positive real wage growth and some recovery in consumer confidence, the eurozone's shopping streets are yet to benefit. Retail sales declined in both August and September by 0.1% month-on-month



June's rise in retail sales was the last month of growth we've seen in the eurozone, and that doesn't bode well for consumption growth

It does remain somewhat of a puzzle. Eurozone consumers have seen a decent recovery in purchasing power since 2023, when negotiated wage growth started to outstrip inflation. And while consumption has shown some decent recovery on the back of that, consumers do continue to hold back. Retail sales are even showing a declining trend again; the 0.5% growth rate in June was the last month of growth we've seen. That does not bode well for consumption growth in the third quarter.

While we'd typically assume a correlation between cautious consumers and low consumer confidence, this is contradicted by the rebound seen in the latter measure over recent months. Consumer confidence picked up from -16.6 to -14.2 – although it does remain firmly below the historical average. Savings intentions reached an all-time high in October, according to the European Commission, which indicates that consumers are likely to remain frugal for the moment despite showing more optimism and having more money in their pockets.

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