

## Eurozone retail trade weakness continued in June

More sluggish news about the eurozone economy as consumers postponed the retail recovery once more. While second quarter GDP surprised to the upside, there are reasons to be concerned



The retail sector has not moved in line with the economic cycle for years now. A long retail recession followed a post-pandemic boom, and a recovery has been expected for some time. While indeed it looks like a bottom in retail activity has been reached, volumes are just not increasing. The 0.3% decline in June illustrates that the consumer is taking longer to recover from the inflation shock and still maintains a preference for buying services over goods, although this preference is becoming smaller.

Overall, the second quarter was better than expected for economic growth in the eurozone, but worries about the economy slowing in the second half of the year remain. Recent surveys don't give much reason to expect a further acceleration, and a slowing from the already weak pace of recovery is possible. Much like in the US at the moment, eurozone economic data looks fine for now but gives cause for concern about the second half of the year.

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