

Snap | 29 November 2018

## Eurozone sentiment falls for the 11th month in a row

Even though the fall was milder than expected, economic sentiment dropped again in November. While the slight uptick in industry sentiment was a silver lining, the view for Q4 GDP remains modest at best



Shoppers in Lubeck, Germany

# 109.5

## Eurozone Economic Sentiment Indicator

Down from 109.7 in October

The Economic Sentiment Indicator for the Eurozone dropped from 109.7 to 109.5. This was a smaller decline than analysts had expected, as industrial sentiment improved for the first time since April. Service sector sentiment stabilised in November, after a large drop in October. The reason for the decline was mainly due to consumer confidence falling since March 2017, which was largely driven by worsening expectations of unemployment in the coming year and subsequently a deterioration in household finances.

Contrary to the PMI released last week, industrial sentiment painted a slightly brighter picture of the manufacturing environment than in October. Confidence increased as expectations of production in the months ahead improved and production in recent months was also more positively assessed by manufacturers. On the other hand, similar to the PMI data, the concerning drop in the export orders' indicator and the very modest pickup in total new orders after a large decline in October indicate there remains enough to worry about for Eurozone industry in the winter months.

Survey indicators have been unanimous in November. The economy is not showing much of a pickup from the weak third quarter. A bounce back seemed in the making as growth was hindered by one-off factors like hiccups in German car production, but it looks like the recovery from recent weakness will be spread out over a few quarters. Growth expectations are therefore modest for Q4 and the coming quarters, as we expect GDP growth for Q4 coming in at just 0.3% QoQ and annual growth for 2018 at 1.9%.

## 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).