

Snap | 5 November 2020

## Eurozone September retail sales correction doesn't bode well...

The decline in Eurozone retail sales brings them back to the level seen before the pandemic, but things are likely to get much worse before they get better, as new lockdown measures will hit the retail sector heavily



Source: Shutterstock

The September decline in eurozone retail sales was to be expected.

Retail sales is a volatile indicator and August numbers were inflated by a postponed sales period in several countries. This is confirmed by the country differences as declines in retail sales were the sharpest in France and Belgium -countries that postponed the sales period. The overall eurozone decline was very modest though and still leaves sales 1.1% higher than in February 2020 - the last month before the first wave lockdowns.

The decline happened across the board in terms of categories with the sharpest contraction noted in clothing-related sales. On an annual basis, growth in retail sales is still positive, with the strongest annual improvements seen in sales of electrical goods and furniture, which soared during the pandemic.

From here on, retail sales are likely to dip further though.

The new restrictive measures announced will impact retail stores and their sales significantly, especially in November. Countries like France, Ireland and Belgium have closed non-essential retail stores to limit the spread of the virus.

The consumption outlook for the last quarter of the year has therefore turned negative again and so has the outlook for GDP in general.

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