

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.

Author

Bert Colijn

Chief Economist, Netherlands

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.