

Not even Euro 2024 can improve German consumer confidence

German consumers are keeping their wallets closed. After four positive months, consumer confidence has weakened, emphasizing the ongoing struggle of the entire economy to gain more positive momentum



After four months of some tentative improvement, German consumer confidence for July disappointed, falling to -21.8, from -21.0 in June. In June, the willingness to spend dropped, while the willingness to save increased. New economic uncertainty seems to be weighing once again on German consumer confidence.

Optimism has given way to realism

In the run-up to the European Football Championships, there was hope that such an event could finally open German consumers' wallets. Today's data, however, shows that not even the football can overcome Germans' caution. Despite surging real wages and probably the strongest wage growth in a decade this year, policy uncertainty and sluggish economic growth are still denting consumers' willingness to spend. If there is any positive impact from the Euro 2024 at all, it will have to come from foreign football supporters rather than German consumers.

At the same time, however, the football championship does not leave the German economy entirely unaffected. Reportedly, official shirts of the German national football team are sold out and the well-known German producer of sports goods has already announced plans to step up production. At the same time, a commercial promotion by a large price comparison site has given away more than three times as many shirts for free. Well, almost for free. To get the shirt, Germans had to enter their personal data. Judging by this example, it would seem that people are willing to pay, just not with money.

The latest batch of confidence indicators underlines the German economy's struggle to gain more positive momentum. The return of optimism at the start of the year has given way to more realism. German football supporters will be hoping the same does not apply to the performance of their national team.

Author

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

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.