

## Germany: Consumer confidence weakens

Increased uncertainty and new restrictions have dented consumer confidence, increasing the risk of a double dip.



German consumer confidence is falling. According to the GfK institute, German consumer confidence weakened and will come in at -3.1 in November, from -1.7 in October. This is the weakest level since July this year. At the start of the year, consumer confidence still stood at +10. The drop in consumer confidence was mainly driven by lower expectations about the economic and income outlooks. The willingness to spend remained almost stable but is at the lowest level since June this year.

Private consumption will have been an important driver of the expected surge in German economic activity in the third quarter. In fact, retail sales is one of the few sectors which has actually risen above pre-crisis levels. However, not everything is rosy. Latest data for example shows that the German tourist sector, despite staycations, was still almost 25% below its February level.

Looking ahead, new uncertainty and new restrictions as well as local lockdowns have already started to dampen consumer confidence and the prospects for private consumption. Even if the current measures in Germany can still be labelled as 'smart lockdowns', the fact that they will mainly affect sectors which have already been hit the most by the crisis (culture, restaurants, hotels, leisure) is already weighing on consumers. Given that it very much looks as things will first

get worse before they get better, both in terms of infections and restrictions, the risk of a double dip in Germany is also increasing.

## Author

### Carsten Brzeski

Global Head of Macro

[carsten.brzeski@ing.de](mailto: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 <http://www.ing.com>.