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## Reopening euphoria fades a little as eurozone consumers become more cautious

Consumer confidence fell from -4.4 to -5.3 in August as initial optimism about the reopening of eurozone economies is wearing off. Concerns about the economic impact of the Delta variant seem to weigh on the figure, but consumption is still set to recover quickly



The euphoria didn't last long for clubbers in the Netherlands; venues quickly had to close down again

Sure, -5.3 is by no means a bad reading but it does mark the second decline in a row after the June peak at -3.3. That was one of the highest levels of confidence ever measured and it looks like that euphoria is wearing off a bit. That's in line with slightly weaker PMIs from earlier today. These surveys do still stand at high levels historically, which bodes well for GDP growth in the third quarter. As the euphoria wears off, it does not look like there will be a hard landing with most indicators pointing to solid economic recovery over the autumn and winter months.

The consumption outlook remains strong despite somewhat weaker confidence figures. These numbers are still high by historical standards and there is still a lot to like for consumers at the moment. Employment is booming as the economy reopens, which boosts income for the average consumer. Somewhat higher inflation and concerns about the Delta variant do weigh on consumer

optimism though, causing the slightly lower confidence reading. Overall, the message is that while the initial euphoria is wearing off, consumer strength is set to translate into the continued rapid recovery of household consumption.

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