



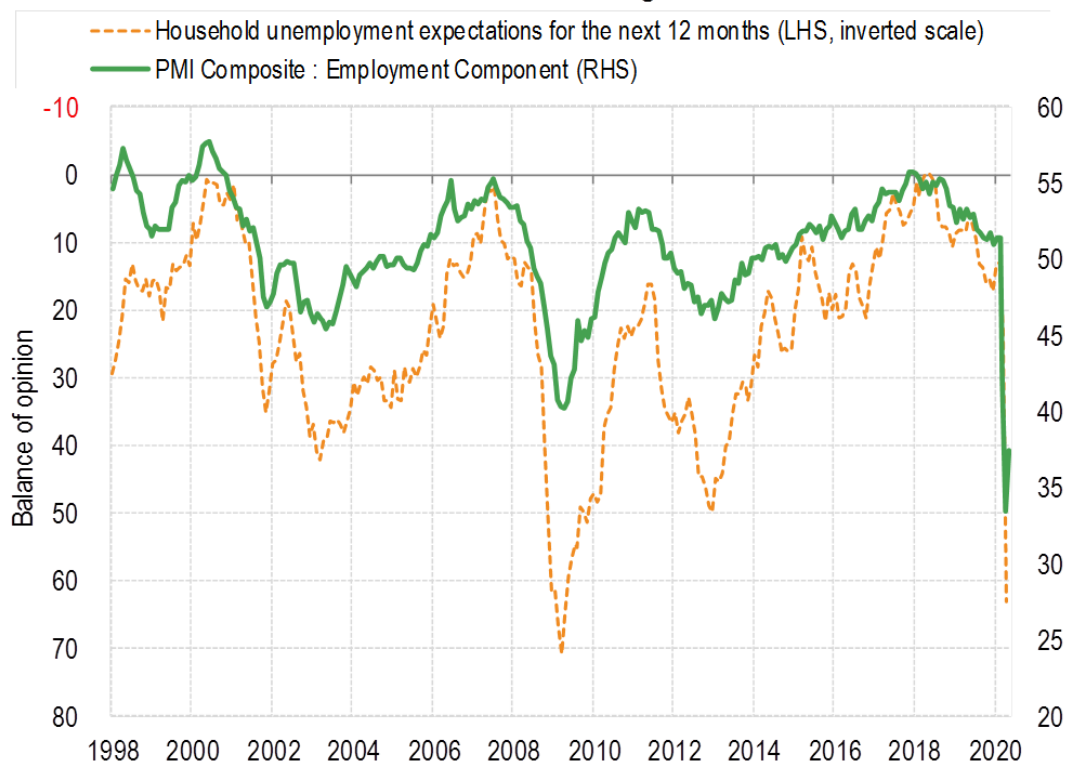
Eurozone: at the trough?

Households' confidence will be a key determinant in the current recovery. The deterioration – felt or anticipated – in the labour market has weighed on consumers' optimism: the European Commission (EC) unemployment expectations index dropped to a 11-year low in April (63.0).

However, the Purchasing Managers indices (PMI) indicate that the economic downturn has started to ease in May. This could filter through into a pick-up of households' confidence. Indeed, the chart below shows that the EC unemployment expectations index follows closely the employment PMI indicator. The latter improved in May, although staying at a very low level.

The gradual reopening of shops, restaurants, and some cultural sites could also support consumers' confidence in the coming weeks.

Eurozone: at the trough ?



Source: Markit & European Commission Survey