

## News Release

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Release #6165

### Globally, Consumers Were Confident in Early 2020, But COVID-19 is Rapidly Eroding Confidence *Depth of the Fall – and the Recovery from It – Will Vary By Country*

**New York, April 16, 2020...**In the months ahead, a series of cascading events will cause a global drop in consumer confidence, says a [new report](#) by The Conference Board. A downward economic spiral, triggered by the COVID-19 global pandemic and followed by government restrictions that suddenly shut down businesses and halted consumer spending, will cause a significant decline in confidence throughout all regions of the world, at least through the second quarter.

**The Conference Board® Global Consumer Confidence Survey** 2020 Q1, conducted in collaboration with Nielsen, describes the state of the consumer at the onset of COVID-19. The report includes an updated analysis of 15 major economies around the world, addressing the different timings of the impact of the crisis on consumer confidence.

Despite a dip, overall global consumer confidence stood at a near-record high through mid-February. In the first quarter of 2020, the Index decreased slightly to 106 from a historic high of 107\*. A reading above 100 is considered positive, indicating that there were slightly more optimistic consumers than pessimistic ones globally. As the survey was conducted in the first half of February, the Index does not reflect the global spread of the virus since March.

“Obviously, the reading for the early stages of Q1 does not reflect the huge impact of the global pandemic on consumer confidence,” said Bart van Ark, Chief Economist of The Conference Board. “Strong labor markets and solid household balance sheets in many markets may have cushioned some of the initial blow to consumers. However, as we have also reviewed more recent metrics, including **The Conference Board Consumer Confidence Index®** for the US, which point at very rapid declines in March, it is unlikely that earlier strengths can offset the bigger impacts as the crisis evolves.”

Region	2020 Q1	2019 Q4	Point Change
<b>Global Consumer Confidence Index</b>	<b>106</b>	<b>107</b>	<b>-1</b>
Europe	88	86	2
Euro Area 16*	90	89	1
Asia-Pacific†	120	116	4
Latin America	91	91	0
Africa and the Middle East	106	100	6
North America	121	120	1

\* The Euro Area 16 grouping consists of Austria, Belgium, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Netherlands, Portugal, Slovakia, Slovenia, and Spain.

† The Global Consumer Confidence Survey was not conducted in China during 2020 Q1 due to the impacts of COVID-19. The global and Asia-Pacific aggregate indexes for 2020 Q1 reflect the regional aggregate without China.

Additional takeaways from [the report](#) include:

**The drop in confidence and ensuing recovery will depend on each market’s containment measures and policy response.**

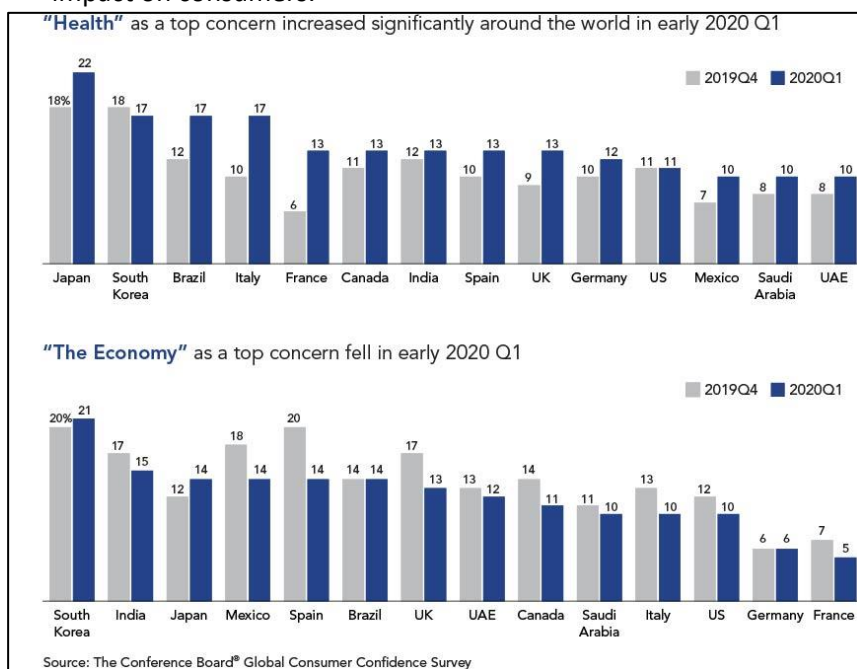
- Vast differences in government infrastructures for dispensing immediate aid means that governments with more nascent wage and income support policies could face difficulties as they implement financial relief. Examples include:
  - **Germany, France, and Italy:** Despite strict containment measures halting economic activity across Europe, well established wage subsidy and job retention programs in Germany, France, and Italy that keep businesses afloat and workers employed may make consumer confidence more resilient than in other markets in the longer term.

- **US, UK, and Canada:** Newly developed wage and income support programs may struggle to dispense consumer aid in time to bridge gaps in spending and bolster confidence.
- **Emerging Markets:** In Brazil, Mexico, and India, factors including job losses, falling incomes, and a general lack of a social safety net will weaken household consumption and consumer confidence for a longer period.
- In addition to the needed infrastructure to effectively dispense government aid, the severity of lockdowns also plays a role. For example, South Korea, reporting some of the earliest signs of dampening consumer confidence due to COVID-19, didn't enact economically crippling lockdowns or mass layoffs. Those avoidances may lead to a faster rebound in confidence than in other markets.

“While certainly helpful, the policy actions being taken in most economies – even wage subsidies for employers and direct cash handouts for workers – will inadequately sustain spending and buoy consumer confidence in the short term,” said Elizabeth Crofoot, Senior Economist at The Conference Board. “Coupled with escalating fears about continuing everyday activities, and second-wave outbreaks, we anticipate significant declines in consumer confidence across all regions through at least the second quarter of 2020.”

### Globally, consumer confidence was on strong footing entering the pandemic.

- Consumers' increasingly positive outlook on their personal finances primarily propped up confidence both globally and in all regions. But with already waning optimism about job prospects and spending intentions prior to COVID-19, solid household balance sheets in many markets at the onset of the pandemic have only temporarily lessened the initial impact on consumers.



### As the amount of COVID-19 cases started to escalate, consumers reported personal health as their number-one concern, surpassing worries about the economy that were previously top of mind.

- Out of the 63 markets surveyed in February, 49 markets (78 percent) saw a rise in health concerns.
- The temporary displacement of health over economic concerns was especially prominent in Asia-Pacific and Europe. At the time of the survey, those regions faced the largest outbreaks of COVID-19.

### In the coming months, a worldwide domino effect will cause significant declines in consumer confidence.

- Government lockdowns to contain the COVID-19 pandemic and the drying up of consumer spending have been the catalysts of a domino effect that is well underway: as job losses from shuttered businesses reduce incomes and stress household finances, consumer demand will continue to weaken, further destroying jobs and stable sources of income. Those losses will then weigh on personal finances and further curb spending intentions.
- These consequences form a downward spiral that will continue in the months ahead, decreasing consumer confidence. How quickly these dominos—spending, jobs, and personal finances—fall, especially in countries implementing shutdowns, will determine how fast consumer confidence drops across specific global markets.

\*Survey Note: Data collection during the first quarter of 2020 excluded China due to the country's restrictive COVID-19 containment measures. For comparative purposes, had China also been excluded during the fourth quarter of 2019, confidence globally would have risen from 105 in 2019 Q4 to 106 in 2020 Q1, and from 119 to 120 in Asia-Pacific.

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