

Press release

The next GfK Consumer Climate Report will be published on
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Economic expectations in Germany stabilize

Findings of the GfK Consumer Climate Study for Germany for January 2016

Nuremberg, January 27, 2016 – Consumer mood has changed only slightly in January of this year, while the consumer climate has remained stable. Following a value of 9.4 points in January, the overall indicator is still forecasting 9.4 points for February. While both economic expectations and willingness to buy have risen by a small amount, income expectations have suffered losses.

The heightened terror threat and the increasingly intense debate on how to solve the refugee crisis have still not had a lasting effect on consumer sentiment, which is currently showing no clear trend and has altered very little in comparison with the previous month.

Economic expectations remain steady in the positive range

Having ended their six-month decline in December 2015, economic expectations once again stabilized at the start of this year. The indicator climbed slightly by 1.3 points, bringing it to 4.2 points. It has therefore remained in the positive range above its long-term average of 0 points. However, compared with the same time the previous year this still clearly constitutes a minus of 18 points.

Despite a number of risks, including the threat of terrorist attacks and the refugee crisis, consumers still believe that the German economy will continue to grow modestly in the next few months. Above all, this improving optimism can be attributed to the extremely strong labor market and rising employment.

The ongoing upswing is also evident from official figures, as according to initial preliminary data from the German Federal Statistical Office, gross domestic product increased by 1.7 percent last year. Experts expect to witness a similar upturn this year.

Income expectations fall slightly

After enjoying significant gains in the previous month, income expectations once again suffered losses in January. However, the minus of 3.6 points recorded in January is less than the plus of 6.4 points seen in December 2015. The indicator is currently at 47.2 points, which is only slightly lower than the previous year's figure of 47.8 points.

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Despite the decline, the income expectations indicator remains extremely high. It is being kept at this level by the increasing rate of employment, strong growth in income, and very low inflation rates.

Looking at recent forecasts for 2016, these favorable conditions are likely to continue in the months to come. For example, according to the latest predictions from the German Institute for Economic Research (DIW), the disposable income of private households is expected to rise nominally by a good three percent this year.

Willingness to buy climbs slightly

Despite the small drop in income prospects, the propensity to buy rose once again in January. Although the growth of 3.7 points seems rather moderate, it must be remembered that the indicator was already at an extremely high level before this increase occurred. Its current value of 52.7 points marks its highest level since July 2015, when it stood at 55.4 points.

The propensity to consume therefore remains buoyant. On the one hand, the stable employment market is giving consumers the planning security they need when making larger purchases and spending high amounts of money. On the other hand, real income growth combined with falling gasoline and heating oil prices have given consumers greater financial leeway to spend more money. This willingness to consume has been especially heightened by the fact that consumers still have little propensity to save money, as doing so remains unattractive from their point of view.

Consumer climate is unchanged

Following a value of 9.4 points in January, the overall indicator is still forecasting 9.4 points for February 2016. This means that when viewed as a whole, the consumer climate has stabilized at a high level.

The consumer climate has therefore been able to withstand the recent growth in risks it is facing. However, in the next few months the escalating terror threat and the rising fears among certain groups of the population that Germany could eventually become overstretched by the persistently high influx of refugees and asylum seekers may cause consumer confidence to wane in the long term. In turn, this would have a lasting impact on the consumer climate.

Provisional publication dates for 2016

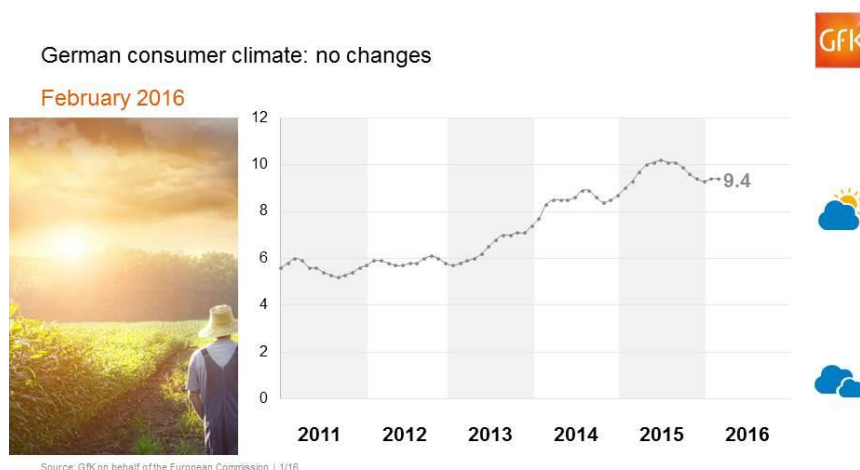
Thursday, February 25, 2016, 8am	Thursday, March 24, 2016, 8am
Wednesday, April 27, 2016, 8am	Wednesday, May 25, 2016, 8am
Wednesday, June 29, 2016, 8am	Wednesday, July 27, 2016, 8am
Friday, August 26, 2016, 8am	Wednesday, September 28, 2016, 8am
Wednesday, October 26, 2016, 8am	Thursday, November 24, 2016, 1pm
Friday, December 23, 2016, 8am	

The following table shows the development of each indicator in January in comparison with the previous month and previous year:

	January 2016	December 2015	January 2015
Economic expectations	4.2	2.9	22.5
Income expectations	47.2	50.8	47.8
Willingness to buy	52.7	49.0	57.4
Consumer climate	9.4	9.3	9.0

The following graph shows the development of the consumer climate indicator over the past few years:

GfK Consumer Climate indicator (as of: January 2016)



About the study

These findings are extracts from the “GfK Consumer Climate MAXX survey,” which is based on approximately 2,000 consumer interviews conducted each month on behalf of the European Commission. The report contains charts, forecasts, and a detailed commentary regarding the indicators. In addition, the report includes information on proposed consumer spending in 20 different areas of the durable consumer goods, non-durable consumer goods, and services markets. The GfK Consumer Climate survey has been conducted since 1980.

The consumer climate explicitly refers to all private consumer spending. However, depending on the definition, only 30 percent of private consumer spending is attributable to retail. The remainder is attributable to services, travel, rent, health services, and the entire personal care segment.

GfK forecast a rise in private consumption of at least 1.5 percent for 2015. According to first figures from the Federal Statistical Office, private spending grew likely by 1.9 percent in 2015. Again, this does not only concern

retail sales, but rather all consumer spending.

Willingness to buy – like all the other indicators – is an indicator of sentiment. It examines whether consumers think it is currently advisable to make major purchases. Even if they answer “yes,” two further requirements need to be fulfilled for a purchase to be made: Consumers must have the money that is required for such a major purchase and they must also view this acquisition as necessary. In addition, it only concerns durable consumer goods, which also require a larger budget.

The findings of the consumer climate survey are based on approximately 2,000 interviews conducted each month on a representative sample of the German population. This survey tool is subject to continuous quality controls, particularly with respect to its representativeness. The fact that the results are used and recognized in the field of empirical legal research (for example, with respect to the likelihood of confusion between products) is a testament to the exceptionally high quality of this survey. This means that the results are quality approved by experts and must stand up in court.

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The table below provides an overview of the individual indicators:

Economic expectations	This index is based on the following question to consumers: “How do you think the general economic situation will develop in the next 12 months?” (improve – remain the same – deteriorate)
Income expectations	This index is based on the following question to consumers: “How do you think the financial situation of your household will develop in the next 12 months?” (improve – remain the same – deteriorate)
Propensity to consume and willingness to buy	This index is based on the following question to consumers: “Do you think it is advisable to make major purchases at the moment?” (good time – neither good nor bad time – bad time)
Consumer climate	This index is used to describe personal consumption. Key factors are income expectations, propensity to buy and savings trends. The economic outlook has a more indirect effect on the consumer climate as a result of income expectations.



About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. GfK has many years of experience in the collection and evaluation of data. Approximately 13,000 experts combine their general knowledge with analyses of local markets in over 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

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