

Press release

EU consumer climate at a nine-year peak

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Nuremberg, April 19, 2017 – The positive mood among European consumers has continued into the first quarter of 2017. At the end of December 2016, the consumer climate for the 28 EU countries had already risen to its highest level since January 2008. In January 2017, it further climbed by two points to 19.9 points, before settling at a level of 18.9 in March. This is one of the results of the GfK consumer climate study for Europe in the first quarter of 2017.

In terms of the respective economic and income expectations and propensity to buy indicators, significant differences were once more apparent in the individual analyses of all countries surveyed. They are attributable to differing economic developments and the country-specific labor market situation. The influence of predominant topics at a pan-European level such as Brexit, the strengthening of nationalist parties, the new government in the USA and the war in Syria therefore did not affect the development of the individual indicators equally in all countries.

Germany: Economic expectations improve again

In Germany, economic expectations recovered significantly in the first quarter, after a dip in February. The indicator rose to 18.1 points at the end of March, an increase of almost 18 points compared to the previous year. Uncertainty among many consumers surrounding the policies of the new US president has evidently given way to a greater level of economic optimism once again.

In contrast to the economic expectations, income expectations declined in the course of the first quarter to 43.4 points at the end of March. The indicator therefore reflects the German public's sensitivity to changes regarding certain signal prices, such as gasoline, diesel or heating oil, as they are considered to weaken the purchasing power of incomes. Overall, however, income expectations remain high.

German consumers are also not allowing the somewhat less optimistic income prospects to take the edge off their buying mood. Propensity to buy rose again after a dip in February. At the end of the first quarter, at 55.5 points, the figure was 5.5 points higher than for the previous year.

France: Decline along all indicators

In the course of the first quarter of the year, economic expectations in France fell markedly from their high level at the end of 2016. At the end of March, the indicator lost six points to reach 11.2 points compared to Janu-

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ary. However, economic expectations are still at a much higher level than a year ago, when -3.7 points were measured at the end of the first quarter.

Income expectations also suffered noticeable losses in France, declining to -10.9 points at the end of the quarter. However, this is still more than 11 points above the previous year's level. Negative income expectations have been recorded since October 2007. This is a testament to the subdued outlook of French consumers, which is partly due to the persistently high unemployment rates.

There was also a sharp decline in propensity to buy, which stood at 8.4 points at the end of the first quarter, after having reached the highest level in 15 years in February, at 18.7 points. There is clearly already a certain degree of consumer uncertainty in the run-up to the French parliamentary elections in summer. However, compared to the previous year (0.4 points in March 2016), this indicator was still high.

Great Britain: Brexit decision leaves its mark

As a result of the Brexit vote, British consumer expectations remain low, standing at -13.2 points at the end of the first quarter. While the indicator recovered from its lowest level in four years in July 2016 (-28.3 points), this figure is still low compared to the previous year when economic expectations were still at 2.1 points.

Income expectations also suffered perceptible losses and fell to 1.2 points at the end of the quarter, following a relatively strong start to the year (11.1 points in January). In a year-on-year comparison, this represents a sharp decline of 16.5 points, which also suggests growing uncertainty among British consumers regarding the economic consequences of Brexit.

A similar picture emerges with a view to propensity to buy in Great Britain, which during the course of the first quarter gradually dropped to 4.1 points by the end of March. In the same period last year, double-digit figures were still being recorded for the first three months of the year.

Italy: Uncertainty among consumers persists

As far as economic expectations are concerned, Italian consumers continue to be among the most pessimistic EU citizens. At the end of March, the indicator stood at -53 points, more than 30 points lower than the same month in the previous year. Apparently, Italian consumers are assuming the economic situation in their country will continue to deteriorate.

In line with the negative economic expectations, Italian consumers' income expectations continue to be rather negative after the positive result registered at the end of 2016. At the end of the quarter, the indicator recorded -8.9 points, almost six points less than exactly one year ago.

For the first time since May 2015, the indicator for the Italian consumers'

propensity to buy has turned negative again, declining to -1.6 at the end of the quarter. The level had thus dropped by 28 points compared to the same period last year. This is a clear indication of uncertainty among Italian consumers, who are putting off larger acquisitions and are cautiously monitoring the economic development.

Spain: Consumers continue to be cautiously optimistic

The economic expectations of Spanish consumers remained stable in the first quarter of 2017, standing at 23.3 points at the end of March, which is roughly the same level as in the previous year. This indicator is still far from its historic peak in December 2015, but reflects the continuing positive prevailing mood of Spanish consumers, who expect the economy to grow.

In line with economic expectations, income expectations remained stable, albeit at a lower level overall compared to the same period in the previous year. At the end of the quarter, the indicator reached 10.5 points, which is four points lower than the figure recorded at the end of March 2016. The fairly stable income expectations therefore correspond to the continuously falling unemployment figures in Spain.

However, Spanish consumers still show little propensity to buy. This indicator remained negative, albeit on a moderate level and recorded a slightly better score than in the previous year. At the end of the quarter it was at -3.7 points, which is more than 5 points higher than a year ago.

Portugal: Economic and income expectations are on the rise

Portuguese consumers have started the year very optimistically in terms of their economic expectations. At 29.2 points, at the end of the first quarter the indicator was within reach of the January 1992 peak (38.6 points) and well above the previous year's level, reaching 16.5 points at the end of March.

Portuguese income expectations also developed positively in the first three months of the year and were at 25.5 points at the end of March. This represents an improvement of more than five points compared to the previous year. Although the unemployment rate remains one of the highest in Europe, the Portuguese labor market has experienced a significant recovery in recent years, which encourages hopes for rising incomes.

With regard to purchases, the Portuguese remain very cautious, even though the propensity to buy indicator signals a slightly more optimistic attitude than a year ago. Compared to the same period in the previous year, propensity to buy improved by almost 15 points to -9.8 points at the end of March 2017.

Netherlands: Consumers continue to be very willing to make purchases

Dutch consumers are as optimistic about the economy as they last were in June 2014. At the end of the first quarter of 2017, the economic expectations indicator was at 31.9 points, which is 36 points above the level of the previous year, when it stood at -4.1 points at the end of March 2016.

The positive outlook for further economic growth is also in line with Dutch income expectations, albeit at a low level. The indicator records a positive figure for the first time since October 2016, having climbed to 1.1 points at the end of the first quarter of 2017. This represents an increase of almost 16 points compared to the previous year. This means that Dutch consumers once again expect their income to improve slightly.

Propensity to buy has climbed to its highest level since December 2000 (45.2 points) and stood at 25.8 points at the end of the quarter. This indicator also reflects the overall very optimistic consumer mood in the Netherlands.

Belgium: Economic and income expectations exhibit a positive trend

Belgian consumers are much more optimistic in terms of their economic expectations at the end of the quarter than they were in the previous year. At 13.8 points in March, the indicator was at its highest level since the end of 2015. This is a sign that Belgian consumers are expecting an economic recovery.

Similarly positive developments were also seen for income expectations, which ended their negative trend of recent months and were on positive ground again by the end of the first quarter of 2017. At 2.5 points, the indicator was more than 25 points above the value recorded in the previous year, when -22.9 points were registered at the end of March 2016.

Belgian consumers' propensity to buy remained relatively constant compared to previous months. On a year-on-year basis, however, the indicator was at 16.6 points at the end of the first quarter of 2017, which is almost seven points below the value measured in March 2016.

Greece: Income expectations at a multi-year low

Greek consumers' economic expectations recovered slightly over the past year. In the first quarter of 2017, however, it returned to the low level recorded at the same time in 2016. At -51 points measured at the end of March, the indicator showed one of the weakest values in the EU, remaining virtually unchanged compared to March 2016, when it stood at -50.6 points. The weak economic expectations reflect the continuing difficult economic and political situation in the country.

An even weaker picture emerged for the income expectations of Greek

consumers. At the end of the first quarter this indicator has fallen to its lowest level since October 2012. At -52.3 points at the end of March, it was more than seven points below the previous year's level. The ongoing tense situation in the Greek labor market lowers consumers' expectations that there will be more jobs and an improved income situation.

As a result, Greek consumers are still very reluctant to make purchases that go beyond their daily needs. At -44.6 points, the respective indicator showed a substantial decline at the end of the first quarter of the current year, which is a minus of over seven points compared to March last year.

Austria: Economic expectations and propensity to buy are on the rise

Austrian consumers are increasingly optimistic about the growth of their economy. At the end of the quarter, economic expectations rose to 11.3 points, an increase of 29.5 points compared to the previous year. After the elections last December, Austrians apparently expect their economy to grow.

A mixed picture emerged in terms of the development of income expectations. A year ago, at 36.5 points, the indicator had reached its highest level since the start of the survey in 1995. At the end of the first quarter of 2017, the value dropped to 12.7 points, which is partly linked to the ongoing fairly high unemployment rate in Austria.

With regard to their propensity to buy, consumers in Austria have been more optimistic again since the beginning of the year, even if the trend at the end of the first quarter was slightly down, at 19.2 points. However, the indicator is still much higher than a year ago, when only 6.1 points were measured at the end of March.

Poland: Consumers are expecting further rises in income

The economic expectations of Polish consumers are at a high level thanks to continuing economic growth, despite the indicator declining somewhat during the first quarter of 2017. At 21.7 points, it almost reached the level of the previous year (22.9 points at the end of March 2016).

Polish consumers also expect a sustained improvement in terms of their income. In comparison with the rest of the EU, historically high values were recorded in the first three months of the year. In fact, in January the indicator reached the highest level attained in Poland for over 15 years, after climbing to 47.8 points. At the end of March, the indicator was still at 31 points, which roughly corresponds to the previous year's level.

Propensity to buy rose sharply in comparison with the previous year. After standing at 7.3 points in March 2016, the figure for the end of the first quarter of this year was 18.8 points. The indicator benefited from the good economic conditions, historically low interest rates and the relaxed labor market situation.

Czech Republic: Income expectations at historic peak

At the end of March, the economic expectations of Czech consumers have reached their highest level since January 2016, at 37.2 points. The first three months of the current year showed an upward trend for this indicator, which at the end of the quarter was over 14 points higher than for the same time in the year before. This underlines the Czechs' positive expectations for the growth of their economy in the coming months.

The increasing optimism of Czech consumers is also evident from their income expectations. The level of 59.5 points recorded in February marks the historical peak of this indicator. Towards the end of the first quarter, 48 points were still being recorded. This figure is just below the previous year's level of 52.4 points at the end of March 2016.

The positive trend in propensity to buy last year continued in the first three months of 2017, with the indicator slightly declining to 19.1 points at the end of the quarter. Although it is therefore around six points lower than in the previous year, it is still at a fairly high level in comparison with preceding years.

Slovakia: Consumer mood continues to look even brighter

After a strong second half of 2016, Slovak consumers' economic expectations declined slightly in the first three months of the current year. At the end of March, however, this indicator remained at 19.6 points, which is somewhat higher than the previous year's level, when 16.3 points were recorded at the end of March. The Slovaks therefore continue to expect good economic growth in their country.

The Slovaks' expectations of further income growth also remained at a stable high level and stood at 29.2 points at the end of the first quarter. This is more than six points higher than in the previous year. Despite a continuing high unemployment rate, the somewhat brightening situation on the labor market and the fall in inflation seemed to provide a positive impetus.

At the end of the first quarter of 2017, the propensity to buy in Slovakia also increased to 13.1 points, a slight gain of just over one point compared to the previous year, when buying propensity was at 11.9 points. Rising incomes and declining unemployment rates seem to indicate that Slovak consumers feel they can afford larger purchases again.

Slovenia: Propensity to buy at a 10-year high

In the first quarter of 2017, the economic expectations of Slovenian consumers were significantly higher than last year. The corresponding indicator was at 19.1 points at the end of March. This represents a strong increase of over 29 points compared to the previous year, when the indicator fell to -10.3 points at the end of March.

Income expectations also reflect a recovery in the consumer mood in Slovenia compared to the same period in the previous year. At the end of the quarter, the corresponding indicator was 23.5 points, nearly 10 points above the value at the end of March 2016.

At the end of the first quarter of 2017, the Slovenian consumers' propensity to buy has reached its highest level since August 2007. At 15.5 points, the previous year's figure was also exceeded by more than 13 points. Larger purchases are therefore once more conceivable for Slovenians and are not being put off to a later date. This is a clear indication of the more optimistic outlook in Slovenia.

Bulgaria: Consumer mood has improved compared to previous year

Bulgarian consumers' economic expectations for the first two months of the year initially reached their highest levels in several years, but fell into negative figures once more in March, dropping to -2.3 points. Clearly Bulgarian consumers cannot yet estimate how long the economic growth experienced in recent years will last. Nevertheless, at the end of the quarter, the indicator was performing a good 3.5 points better than in the previous year.

The rising economic performance and the steady decline in unemployment have had a positive influence on income expectations. At 26.1 points in February, the indicator has reached its highest level since June 2005, before dropping to 18.4 points at the end of the quarter. This is still relatively high compared to the end of March in 2016, when income expectations were at 3.9 points.

A similar trend was observed with regard to the Bulgarian consumers' propensity to buy, which lost some points after a strong start to the year and was at 14.3 points at the end of the quarter. Compared to the previous year, however, this represents a significant improvement of over 13 points.

Romania: Record levels for income expectations and propensity to buy

At the end of the first quarter of 2017, the economic expectations of Romanian consumers rose to 18.3 points, which was as positive as they had last been in October 2015. A year ago, the indicator was still at 3.3 points. Romanians accordingly have a much more positive outlook for the future than 12 months ago.

Income expectations in Romania underscore this positive trend as they rose sharply to 33.7 points at the end of the quarter. This is the highest value recorded since the country was first included in the consumer climate study in May 2001. Thanks to a steady fall in unemployment in recent years, Romanian consumers are expecting higher incomes.

In line with their expectation of rising incomes, Romanian consumers are also once again prepared to make larger purchases that go beyond their



daily needs. At 16.4 points, the propensity to buy value recorded at the end of March has been the highest since September 2006.

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