

Press release

The next GfK Consumer Climate report will be published on
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Consumer climate on the rise again

Findings of the GfK Consumer Climate Study for Germany for April 2017

April 27, 2017

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Nuremberg, April 27, 2017 – Consumer confidence in Germany is clearly enjoying tailwind again in April. Economic and income expectations have increased significantly and propensity to buy has also risen moderately. Thus, the consumer climate forecast for May stands at 10.2 points and is considerably higher than the April value of 9.8 points.

Consumers in Germany are confident that the national economy is on the right path in the coming months, as shown by the noticeable increase in economic expectation in April. The increasing economic optimism as well as a more moderate increase in prices mean that the income prospects of German citizens, which were already at a high level, have increased even further. The propensity to buy has also increased by around five points. The consumer climate index is predicted to jump to 10.2 points in May.

Economic outlook improves

After a brief downturn in February, German consumers are once again much more positive about their economic prospects. The index has risen for the second time in a row and has gone up by a significant 12.4 points to reach 30.5. This is the highest value in almost two years. The last time the economic indicator was higher was in May 2015, when it stood at 38.3 points.

Despite the uncertainty surrounding the future economic and political direction of the new US President and the Brexit negotiations which are just beginning, German consumers believe that their own economy is nonetheless headed in the right direction. The moderate upturn will become more firmly established. This can also be seen in the very positive employment situation which will improve even further this year according to most experts.

Consumer's expectations have been confirmed by the leading economic research institutes in Germany. In their recently published joint economic forecast they revised their GDP outlook slightly upwards in comparison with their forecast from fall of last year. They now expect growth of 1.5 percent instead of 1.4 percent.

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Income prospects are noticeably more optimistic

The growing economic optimism of this month has also resulted in much better income prospects. The income expectation indicator, which was already at a high level, has increased considerably by 14.1 points. It is currently at 57.5 points, which puts it at exactly the same score as last year.

In addition to the rising economic expectations, income sentiment has obviously been given a boost by current low inflation. The inflation rate declined to 1.6 percent in March after registering values of 1.9 percent in January and 2.2 percent in February this year. Moderate inflation rates stabilize purchasing power, meaning that more money is available for larger purchases.

Propensity to buy improves slightly

In line with the improving economic and income prospects, propensity to buy has also increased further. The indicator rose by 4.7 points to reach a value of 60.2. Similar to the economic expectation index, propensity to consume thereby also climbs to its highest level in almost two years. In May 2015, the index hit 62.6 points.

In the month of April, propensity to buy primarily benefited from the particularly good economic outlook. Employees, who consider that they enjoy good job security because of the excellent employment situation, will be more likely to take a larger risk when making purchases. If their jobs are not at risk in the foreseeable future, the willingness of consumers to make larger purchases, which may require a loan, increases.

Consumer climate is on the rise again

Following on from 9.8 points in April, GfK forecasts an increase to 10.2 points in May. After two consecutive decreases, the consumer mood in Germany is likely to improve again.

This means that the assessment from the previous month has proven to be correct, namely that the consumer climate in March and April would recover if inflation were to decrease. A lower Inflation, which already declined in March, had a positive effect on the consumer mood in the following month of April. Despite an agreement between oil producers to cut back oil production, crude oil prices came under pressure again in March. One reason for this is the resumption and expansion of fracking in the USA, which has resulted in greater availability on the world oil market.

Additionally, the overall stability of the labor market is a reliable and robust pillar of the consumer climate and thus the domestic economy. GfK therefore confirms its consumer forecast of 1.5 percent for 2017 from the beginning of the year.

Provisional publication dates for 2017

Wednesday, May 24, 2017, 8:00 am	Thursday, June 29, 2017, 8:00 am
Thursday, July 27, 2017, 8:00 am	Tuesday, August 29, 2017, 8:00 am
Thursday, September 28 2017, 8:00 am	Thursday, October 26, 2017, 8:00 am
Tuesday, November 28, 2017, 1:00 pm	Friday, December 22, 2017, 8:00 am

The following table shows the change in certain indicators in April in comparison with the previous month and previous year:

	April 2017	March 2017	April 2016
Economic Expectation	30.5	18.1	6.3
Income Expectation	57.5	43.4	57.5
Propensity to Buy	60.2	55.5	55.4
Consumer Climate	9.8	10.0	9.5

The following graph shows how the Consumer Climate Index has developed over recent years:

GfK Consumer Climate Index

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May 2017



Source: GfK survey on behalf of the European Commission | 4/17

About the study

The results are an extract from the "GfK Consumer Climate MAXX" study and are based on around 2,000 consumer interviews per month conducted on behalf of the European Commission. This report presents the indicators in graphical form and provides predictions and detailed comments on the indicators. It also provides information on consumer spending plans for 20

areas in the consumer goods and services markets. The GfK Consumer Climate Study has been carried out since 1980.

Consumer climate refers explicitly to all private consumer spending. However, retail trade, depending on the definition used, accounts for only around 30 percent of private consumer spending. Services, travel, rent, health services, and the entire wellness sector account for the rest.

GfK's forecast for 2017 is an increase in private consumption of at least 1.5 percent. According to data from the German Federal Statistical Office, private consumption rose by 2.0 percent in real terms in 2016. Again, this does not concern retail sales but instead refers to total consumer spending.

Propensity to buy, like all other indicators, is a sentiment indicator. It queries whether consumers currently consider it advisable to make larger purchases. Even if they answer "Yes" to this question, there are two further requirements for making a purchase: The consumer must have the necessary money for such a large purchase and must also see a need to make this purchase. Furthermore, this only actually concerns durable goods, which also require a larger budget.

The results of the consumer climate survey are obtained from monthly interviews of around 2,000 people who are representative of Germany's population. This survey tool is subject to constant quality controls, particularly in order to ensure that it is representative. The particularly high quality of this survey is also demonstrated by the fact that it is used and approved for surveys in the field of empirical legal research (for example, the danger of confusing products). This means that the results have the status of an expert report and must be recognized in court.

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About GfK

Market research company GfK is the trusted source of relevant market and consumer information that helps its clients to make smarter decisions. GfK has many years of experience in the collection and evaluation of data. Around 13,000 experts combine their global knowledge with the analysis of local markets in more than 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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