

Press release

The EU consumer climate remains friendly

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Nuremberg, July 18, 2017 – The positive mood among European consumers has also continued into the second quarter of 2017. After the nine-year peak at the beginning of the year, the consumer climate has remained at a high level for the EU 28 and closed at 19.1 points at the end of June. Overall, the results of the GfK consumer climate study are again quite mixed for Europe in the second quarter of 2017.

There were again major differences in terms of the three indicators, economic and income expectation, as well as propensity to buy. While Germany and France recorded highs here, the consumer mood cooled down a bit in some Eastern European countries like Poland and the Czech Republic. GfK consumer expert Rolf Bürkl: "One of the striking results in the second quarter was the 'Macron Effect' in France, which had a noticeably positive effect on the mood of the French. The British consumers were evidently watching the Brexit talks with skepticism, which was reflected in weakness of the indicators. This quarter's winners included Spain and Portugal, where consumers were again in a more confident mood owing to the recovering economy."

Germany: Economic expectations at a three-year high

Economic expectation among German consumers rose to its highest level in three years in the second quarter of this year. The indicator reached 41.3 points at the end of June. The last time a higher value was measured, was 45.9 points in July 2014. Despite of all of the risks – such as possible trade restrictions implemented by the U.S. government or the initial Brexit negotiations – optimism about the economy remains unaffected in Germany.

Thanks to a very good prognosis for the German job market, income expectation also rose further in June. The indicator climbed by a strong increase of 16.8 points over its value in late March to reach 60.2 points – a record high for post-reunification Germany. A better value has not been registered since records began for unified Germany in 1991.

Propensity to buy among Germans has also maintained its excellent level. The indicator increased by 2.4 points over the previous quarter and by 3.5 points over the previous year's level, and was at 57.9 points in late June. The incredibly stable labor market is the primary reason for the very good tendency to spend.

France: Macron euphoria helps to buoy all indicators

The clear electoral victory for Emmanuel Macron has buoyed economic

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expectation in France: the indicator rose to 49.1 points in June – its highest level since the start of the survey in 1986. Compared with its level one year ago, it has risen by 48.6 points, and compared with the end of the first quarter of 2017 this means growth of 37.9 points. The French apparently have confidence in their new president to ensure a significant recovery of the domestic economy.

French income expectation rose from the negative range as a consequence of Macron's victory to reach 2.7 points by late June. This is a clear increase of 15.7 points compared to the previous year's value and a plus of 13.6 points over the close of the first quarter of this year.

Propensity to buy showed similar tendencies in France. While it was still at 8.4 points at the end of the first quarter, the indicator climbed to 25.5 points in late June – its highest level since April 2001. This represents an increase over the previous year of 23.5 points.

Great Britain: Brexit continues to weigh down the mood

Economic expectation of British consumers has continued its descent. Compared to levels one year ago, the indicator has fallen by 14.8 points to reach -20.7 points – a clear evidence of insecurity among British consumers in regards to the upcoming Brexit.

Income expectation recorded an even greater loss in Britain. It fell by 21.2 points compared with late June of 2016 to settle at -2 points. That means a loss of 3.2 points from the first quarter of this year.

A similar picture emerges with view to propensity to buy in Great Britain, which had dropped to 3.5 points by the end of the second quarter. That represents the lowest level since October 2014, when this indicator was at -5.7 points.

Italy: Downward trend in consumer mood continues

Italian consumers continue to be among the most pessimistic in the EU. Their economic expectation fell at the end of the second quarter by 24.2 points to -55.5 points compared with the same period in the previous year. This is the lowest value of all of the EU-area countries participating in the study.

Italian consumers also rank their income situation in the upcoming months negatively. Compared to its level at the end of June 2016, the indicator dropped by 10.8 points to -17.9 points. Compared to the end of the first quarter, this represents a drop of nine points. According to this, the Italians don't believe that their income will be able to increase within the foreseeable future.

Similar to this negative trend, propensity to buy in Italy also recorded a significant loss of 16.9 points in the year-on-year comparison. The indicator

was able to recover from the end of the first quarter to rise by 5.3 points to reach 3.7 points.

Spain: Optimism continuing across all indicators

Economic expectation among Spanish consumers continued to recover in the second quarter of 2017. At the end of June, the indicator climbed to 24.9 points. Compared to the previous quarter, there was a slight increase of 1.6 points, while the rise was even more evident in contrast to the previous year when it was at 8.2 points.

Income expectation also showed slight improvement, and rose to 14.1 points. Compared to the previous quarter, this is 3.6 points more, and represents an increase of 1.1 points over the same period from last year. Thanks to continuing recovery in the job market, consumers are betting on their economic situation improving.

In terms of their propensity to buy, Spanish consumers were also in a more optimistic mood in the second quarter: the corresponding indicator did stay negative, but it improved by 6.5 points in comparison to the previous year and by two points in comparison to the end of the first quarter to reach -1.7 points.

Portugal: Economic and income expectations at high levels

The optimism of Portuguese consumers remains high: economic expectation beat the previous record set in January 1992 and reached 39.4 points. And also due to the good economy, Portugal also managed to make an early payment at the end of June on a loan they had received from the International Monetary Fund (IMF) in 2011.

The positive trend in income expectation also continued. A historical record high was reached at the end of June with 29.5 points. Compared to the previous year, that is twelve points higher, while the increase from the first quarter was about four points.

The development of propensity to buy also exhibited significant recovery. Portuguese consumers continued to cast aside their reluctance to make major purchases in the second quarter: the corresponding indicator was at 4.1 points at the end of June, thereby improving by 25.6 points in a year-on-year comparison and 13.9 points in comparison to the previous quarter.

Belgium: Continuous positive trend in economic expectation

Belgian consumers were much more optimistic at the end of the second quarter of 2017 in terms of economic expectation than one year earlier. The corresponding indicator increased by 20.9 points to 14.2 points. This continues the positive trend from the first quarter, when 13.8 points were already recorded in late March.

Income expectation among Belgian consumers took a hit of about eleven

points compared with the end of the first quarter, and slid to -8.1 points. At that level, the value is still better than it was one year before. It was still at -17.6 points by mid of 2016.

More caution has also returned in terms of larger purchases: at 13.5 points, the indicator is stuck at about the same level as the previous year, but still suffered a setback of 3.1 points from the more friendly first quarter of this year.

Greece: Slight recovery in consumer mood

Economic expectation among Greek consumers remained at a very low level in the second quarter, too. The corresponding indicator did recover in comparison to the first quarter by 7.8 points; and compared to the same period in the previous year, it was 1.6 points higher. Only the Italians are currently more pessimistic about economic development in their own country.

Income expectation among Greek consumers paints a similar picture. It did improve in comparison to the first three months of the year, but was still stuck at a quite negative value of -42.9. Compared with the same period from the previous year, this value represents a slight improvement of 1.5 points.

In terms of the indicator propensity to buy, there are hardly any differences to the level one year ago or to the first quarter of 2017. At -44.9 points the indicator is nearly unchanged at a negative value, and at the lowest level of all of the EU countries under observation. The persisting economic and financial crisis in Greece remains an impediment for consumer mood.

Austria: Clear increase in economic expectation

The positive trend in economic expectation also has continued in the second quarter of this year. The indicator rose in comparison to late March by 7.4 points to reach 18.7 points. The major increase of 46.8 points in comparison to the previous year shows that the Austrian consumers are increasingly optimistic about developments in their economy.

This optimism is reflected even more clearly in income expectation. Compared to the end of the first quarter, the corresponding indicator increased considerably at the middle of the year to 30.6 points – a jump of almost 18 points. However, income expectation was at a similarly high level one year ago, when it was recorded as 28 points.

Propensity to buy also exhibited a slight increase over the first three months of the year. The corresponding indicator rose nearly four points at the end of June to reach 22.8 points. With that result, the previous year's level was nearly reached.

Poland: Prospects sour a bit

The economic expectation of the Polish consumers showed a minor setback in the second quarter of 2017 compared to the first three months. The indicator fell slightly by 2.8 points to 18.9 points. In comparison with the same period from 2016, this still represents a small increase of 2.1 points. In an EU-wide comparison, Poland's expectation still occupies a solid position.

Prospects have also dimmed somewhat in Poland for the indicator income expectation. The drop in comparison to the mid-year value for 2016 is 10.4 points; compared with late March of this year, the indicator has dropped nearly 6 points to 25 points.

After a strong first quarter, propensity to buy among Polish consumers cooled off markedly with a drop of over twelve points to reach 6.6 points. This leaves the current value at just above the previous year's level in Q2 of 2016 of 5.9 points.

Czech Republic: Consumer mood cools down

After a strong first quarter, economic expectation among Czech consumers weakened considerably at the end of June. The indicator dropped to 18.1 points, representing a decrease of 19.1 points. One year ago, the same indicator was still at 25.6 points.

Diminishing optimism, which is nevertheless at a relatively high level, is apparent, also in terms of income expectation. While a historic high was recorded in February at 59.5 points, the indicator fell in late June to 40.8 points. One year ago, it was still at 43.6 points, 2.8 points higher than it is now.

Similarly, propensity to buy among Czechs also decreased slightly, and dropped by more than four points in comparison to the level at the end of the first quarter to 14.7 points. Compared with the same period during the previous year, when it was measured at 21.8 points, this represents a drop of more than seven points.

Slovakia: Indicators decreasing across the board

The second quarter of 2017 wasn't able to carry through on what the strong start to the year promised in Slovakia, either. Compared with late March, economic expectation among Slovakian was 2.3 points weaker, falling to 17.3 points. That is also 5.6 points less than in 2016.

The Slovaks' expectations of further development in income also fell somewhat. Exactly one year ago, the level was measured at two points more; the decrease in comparison to the first quarter of 2017 shows a drop of nearly four points to a relatively high level of 25.4 points.

Propensity to buy among Slovakian consumers shows a similar develop-

ment: compared to mid of 2016, it fell by 10.4 points; compared to the end of the first quarter the indicator dropped by eight points to 4.6 points.

Slovenia: Positive trend continues

Economic expectation among Slovenian consumers also increased further in the second quarter of this year, rising by 4.9 points compared to the end of March to reach 24 points. Compared to the previous year, that represented an increase of a whole 26 points – underscoring the increasing optimism among Slovenian consumers.

There was also a clear increase in income expectation in the year-on-year comparison of 19.3 points to 24.8 points, reflecting the recovery of consumer mood in Slovenia. By this measure, the Slovenians are continuing to count on increases in income.

In terms of propensity to buy, a new ten-year high was recorded at the end of June. The indicator increased in comparison with the end of March of this year by over ten points to reach 24.8 points, and also attained an increase of over 22 points compared to the previous year's result.

Bulgaria: Consumer mood weakens somewhat

Economic expectation among Bulgarian consumers – which had still been very positive at the start of the year – fell to the end of June by more than five points to reach -7.8 points. The indicator was steady in the year-on-year comparison.

Income expectation among Bulgarians also recorded a setback of more than six points in comparison to the end of the first quarter. Compared with the value measured in mid of 2016, the level of 11.5 points still reflects an increase of 6.3 points.

Propensity to buy among Bulgarian consumers achieved slight gains. At 16.4 points, the indicator reached about the same level as the previous year at the end of June and had slightly recovered in comparison to the end of March by two points.

Romania: Cool-down period follows the record highs in the first quarter

Economic expectation among Romanian consumers fell at the end of the second quarter in comparison to late March by more than 11 points to 7.2 points, slightly weakening the strong start to the year. One year ago, the indicator was still three points less.

Income expectation in Romania underscores this slightly downward trend in the second quarter. Compared to the end of March, the indicator showed a drop of more than seven points to 26.3 points. It did constitute a drop at a still high level, as one year ago expectations in Romania of a positive development in income were still at 18.5 points.

The willingness to make larger purchases also fell in Romania over the course of the second quarter to 5.6 points. This is a drop of over ten points compared to the end of March, when over 16 points were measured. In the same period of the previous year, propensity to buy was still a bit weaker, reaching only 3.4 points.

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