

Press release

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Good consumer climate: GfK predicts significant increase in private consumer spending in Europe

Findings of the GfK Consumer Climate Europe study for the fourth quarter of 2017

Nuremberg, February 9, 2018 – At the end of 2017, consumer confidence in Europe continued to increase slightly. In December, the GfK Consumer Climate Index for the EU 28 reached 21.1 points, the highest value in ten years. At the end of the third quarter, this was still at 20.9 points. GfK predicts an increase in private household consumer spending in the European Union of between 1.5 and 2 percent in real terms.

European consumers consider the economy to be on the rise. Economic expectations in December 2017 increased to 17 points on average for all EU countries – a clear increase of 5 points compared to September. France, Germany and Austria showed significant gains. In Romania, on the other hand, consumer confidence in economic growth plummeted against a backdrop of the ongoing government crisis.

These positive consumer evaluations correspond to [data from the European Commission](#), which anticipates an increase in the gross domestic product of EU countries of 2.3 percent.

Income expectations were stepped up slightly on average in Europe from September to December 2017 by 2 points, reaching 15 points. Higher wage expectations had particularly positive growth in Austria and Slovenia. Romania also showed the biggest losses here. The propensity to buy improved compared to September by 1 point, closing at 21 points in December. For this indicator, Poland and Austria recorded the biggest increases.

GfK consumer expert Rolf Bürkl comments, “For the full year of 2017, confidence in economic growth in Europe has risen significantly. Because of this upswing, people are also hoping for increased wages. Income expectations are positive across wide parts of Europe, but are only slightly

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higher compared to 2016. The same applies to the propensity to buy. Based on all factors, GfK predicts an increase in private household consumer spending in the European Union from 1.5 to 2 percent in real terms for 2018. The European economy will therefore continue to be supported by private consumption.”

Germany: Confidence in the economy rises significantly

Economic expectations in Germany continued to increase in the fourth quarter of 2017, reaching 45.2 points in December. This is the highest value since July 2014 and a clear jump compared to 33.4 points in September. In comparison to the end of 2016, economic expectations have increased by a significant amount: a total of 28.8 points.

Income expectations of German consumers also continued to tangibly increase in December to 54.3 points following three consecutive decreases. The indicator is thereby 1.6 points higher than in September.

The propensity to buy demonstrated that it was still in top form by the end of 2017, reaching 57.1 points. Although this is an increase of only 0.1 points compared to September, it is still an additional 9 points on top of an already high index compared to the end of 2016.

France: Significant growth in economic expectations

After dropping in the third quarter, economic expectations picked up again in France and continued to increase in the fourth quarter. In December, they reached a value of 43.4 points, a significant increase of 13.2 points compared to September. But the obvious “Macron effect” in the first two quarters which caused a peak economic expectations value of 49.1 points in June could not be surpassed.

Despite more positive prospects for the economy, the French consider the growth of their salaries to be somewhat negative. Income expectations reached -13.7 points in December 2017. Although this is an improvement of 5.2 points compared to September, it is still clearly negative. Income expectations were only positive in May and June last year. The indicator is also lower in comparison to the end of 2016 by 4.1 points.

The propensity to buy reached 22.2 points in France in December 2017. Following drops in October, it has therefore been able to make up ground, although it still did not reach the year’s highest measured value of 25.9 points in July. In comparison to December 2016, the propensity to buy improved by 9.3 points.

United Kingdom: Economic and income expectations show some improvement but propensity to buy falls

By the end of 2017, British economic expectations improved slightly, reaching -18.6 points in December. This is an increase of 4.9 points compared to September, but still seven points lower than in December 2016 (-11.6 points).

Income expectations in the UK reached a total of 4.7 points in December 2017 and therefore moved into positive territory after seeing an annual low of -2 points in June. Nevertheless, the indicator remains 2.8 points lower compared to December 2016.

British propensity to buy, however, has shown a downturn. In December 2017, it reached an annual low of -6.9 points, compared to the highest value of 8.7 points reached in May last year and also significantly lower than in December 2016 (15.5 points). Looking at the rest of Europe, the only other country with negative propensity to buy at the end of 2017 was Greece.

Italy: Signs of recovery

Italian consumer opinion continued to improve in the fourth quarter of 2017, despite ongoing economic issues in the country. In December 2017, economic expectations reached -23.8 points. This is a significant recovery compared to the low standing of -55.6 points in February. Following a rapid increase in the third quarter to -27.6 points in September, the economic prospects assessment only had modest gains in the fourth quarter. Despite this improvement, Italy is still clearly behind compared to the whole of Europe.

Income expectations also increased slightly in the fourth quarter. In December 2017, the indicator reached -1.2 points, following -8.2 points in September. The lowest measured value over the last year was -18.3 points in May.

The only indicator in the positive was the propensity to buy. In December 2017, it reached its annual high of 21.1 points and was therefore 5 points higher than the September value.

Spain: Clear drops in income and economic expectations

In December 2017, economic expectations in Spain reached 18.4 points and were therefore clearly in the positive. In comparison to September's value of 24.9 points, however, the indicator has significantly decreased. This result is also lower compared to December 2016 by 6.2 points.

The income expectations of Spanish consumers also worsened by the end of 2017. With 11.6 points in December, the indicator is significantly below the 16 points from September and the annual high of 18.9 points reached in November.

The propensity to buy could only just about make it into positive territory in December at 0.2 points.

Compared to September, this is a decrease of 1.3 points. The highest recorded value over the last year was 8.4 points in July.

Netherlands: Stable growth over the year

Economic expectations reached 39.9 points in the Netherlands in December 2017 and therefore increased slightly by 0.9 points compared to September. In comparison to the end of 2016, however, Dutch economic prospects improved significantly by 14.7 points.

Income expectations, at 12.2 points in December 2017, were also significantly higher than in the previous year. In December 2016, the indicator was still in the negative at -3.2 points.

Likewise, Dutch propensity to buy continues to rise. In December 2017, this was measured at 23.0 points. However, the highest propensity to buy value recorded last year was in March, at 25.8 points.

Austria: All indicators reach an annual high in December

Austrian economic expectations rose steeply last year. At the end of 2017, the economic growth indicator reached an annual high of 44.8 points. Compared to December 2016, this was a huge increase of 32.8 points.

Considering the good running economy, Austrians are also expecting significantly higher wages. Income expectations reached 37.3 points in December 2017, also an annual high. Compared to December 2016, the indicator improved significantly by 18.3 points.

The propensity to buy also set a 2017 record in December with 31.0 points, the highest value since December 2011.

Portugal: Positive annual balance for consumer confidence

Economic expectations of Portuguese consumers sank slightly by the end of 2017, reaching 33.1 points in December. Although this is only a slight improvement compared to December 2016, it is still clearly positive.

Portuguese income expectations are also clearly positive. In December 2017, the indicator reached 29.8 points. The annual high of 33.5 points was reached in November.

The propensity to buy reached an annual high in December 2017 with 13.8 points. A higher value was most recently reached in March 2000.

Belgium: Economic expectations and propensity to buy continue to rise

Economic expectations in Belgium reached 24.4 points by the end of 2017. Compared to September, this was only a marginal gain of 0.1 points, but it was significantly more than the previous year's value of 4.8 points in December 2016.

Despite this positive assessment of the country's economic growth, Belgians were not expecting above-average wage increases. Income expectations were in the negative, closing at -1.9 points in December 2017. Yet this is also a clear improvement compared to the previous year's value of -13.1 points in December 2016.

The propensity to buy reached 19.8 points in December 2017 and was therefore 3.8 points higher than the value in December 2016, and 5 points higher than the result in September 2017.

Greece: Significant improvement in all indicators

The negative values for all indicators recorded at the end of 2017 by Greece, the country shaken by the financial and economic crisis, were actually significantly higher compared to last year.

Economic expectations in Greece reached -12.3 points in December 2017, a clear increase of 21.5 points in comparison to December 2016. The Greeks therefore have more positive economic prospects for their country than, for example, the Italians, British or Romanians.

Greek income expectations were also significantly higher than last year. With a value of -21.7 points in December 2017, the indicator improved by 18.4 points compared to December 2016. However, in terms of income expectations, Greece continues to lag behind in Europe.

The propensity to buy was -22.6 points in December 2017, the lowest value in Europe. Compared to December 2016, however, the indicator improved significantly by 13.5 points.

Poland: Economic expectations and propensity to buy reach an annual high

Consumers in Poland rated the country's economic growth to be significantly positive by the end of 2017. Economic expectations reached an annual high in December 2017 with 34.5 points, 17.9 points more than in December 2016.

Polish income expectations, on the other hand, could not set a record at the end of the year. In December 2017, the indicator reached 31.5 points. Although this is 1.6 points more than at the end of 2016, it is far less than the annual high of 47.8 points in January 2017.

The propensity to buy was also on its way up by the end of the year. In December 2017, the indicator stood at 31.8 points, an annual high. In comparison to the end of 2016, this is a significant increase of 11 points.

Czech Republic: Income expectations suffer a loss, but are ranked 2nd in the EU

In December 2017, economic expectations of Czech consumers stood at 30.0 points. The indicator could therefore continue to compensate in part for significant losses in the second quarter, but not catch up to the annual high of 37.2 points in March.

Czech income expectations stood at 41.7 points in December 2017. After Germany, this is the second-highest value within the European Union. This isn't that surprising – the Czech Republic has the lowest unemployment rate in Europe. Compared to the annual high of 59.5 points in February 2017, however, the indicator suffered significant losses over the year.

At 14.0 points in December 2017, the propensity to buy in the Czech Republic reached the lowest level of the whole year. This is a significant drop compared to the annual high of 23.9 points in August, and is also significantly lower than the 21.5 points reached in December 2016. Compared to the rest of Europe, the country is therefore in the middle of the table.

Slovakia: Indicators weaken by end of year

Economic expectations of Slovakian consumers reached 17.0 points in December 2017. This is the lowest value of the whole year, and 11.2 points less than in December 2016.

Income expectations also closed the year at a low point of 22.8 points in December 2017. The indicator reached its highest value in February 2017, with 31.7 points.

After a significant rise at the end of the third quarter, the propensity to buy in Slovakia continued to slide, reaching a total of 8.0 points in December 2017. Compared to December 2016, this indicator value has almost halved.

Slovenia: Economic expectations high

Slovenians had positive economic prospects for their country, including at the end of the year. Economic expectations reached a very good value of 34.7 points in December 2017. Compared to the rest of Europe, the country is in fourth place, after Germany, France and the Netherlands. In comparison to December 2016, the indicator did well, gaining around 20 more points.

Slovenians also have confidence in terms of their wage growth. At 29.7 points in December 2017, income expectations reached a good value and fifth place within the European Union.

The propensity to buy reached 22.0 points in December 2017. This is significantly more than the 7.3 points set in December 2016. The annual high, however, was in October 2017 at 26.3 points.

Bulgaria: Economic expectations stabilize by end of year

By the end of 2017, economic expectations in Bulgaria reached 6.3 points in December. This is the second-highest value of the year and highly encouraged following the annual low of -11.3 points in May.

At 11.3 points in December 2017, however, Bulgarians assessed income expectations to be significantly worse than in February, when the annual high of 26.1 points was reached. Compared to December 2016, the indicator is also lower by 8.4 points.

The propensity to buy continued to rise in the last quarter of 2017, reaching a value of 23.0 points in December. This is still significantly less than the 30.2 points achieved in December 2016.

Romania: All indicators fell significantly in the last quarter of 2017

The ongoing government crisis in Romania is also being shown to have an effect on consumers. In the last quarter of 2017, all indicators fell drastically. Economic expectations reached an annual low in December 2017 with -19.3 points. This is a drop of around 37.6 points in comparison to the annual high in March and the lowest value since April 2013.

At the same time, Romanian income expectations are also on the decline. They reached 6.8 points in December 2017, the lowest value since September 2014. Back in March, they climbed to a high point of 33.7 points.

The propensity to buy reached an annual low of -0.2 points in December 2017. This is 16.6 points lower than the annual high in March 2017.

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