

## Press release

The next GfK Consumer Climate report will be published on  
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### German consumer climate looking sunny

#### Findings of the GfK Consumer Climate Study for September 2018

**Nuremberg, September 27, 2018 – In September, the consumer climate in Germany has, by and large, seen positive developments. Both economic and income expectations are on the rise, whilst propensity to buy has taken a slight hit. GfK forecasts a further small increase in consumer climate of 0.1 points in comparison to the previous month, moving to 10.6 points.**

It is not only the weather which has been sunny. Consumer climate had a sunny September, too. Despite political turbulence, economic and income optimism are on the up. Propensity to buy dropped slightly but remains at a very good level overall. Since propensity to save has not changed, consumer climate thus increased slightly.

#### Economic expectations continue upward trajectory

In September, economic expectations increased for the second consecutive report. The indicator rose by 4.9 points to 27.1 points. The dip for the six months or so leading into July therefore seems to be over and the indicator is, once again, on an upward trajectory. However, in comparison to the previous year, the indicator is still down by a good six points.

As before, neither the trade dispute between the EU and the USA nor the threat of a hard Brexit seem to be restricting economic optimism long-term. Consumers perceive Germany's growth to be stable even though the economic dynamism of recent years has dropped off somewhat. This has been evidenced in reality. According to data from the German Federal Office of Statistics (GDP) grew by 0.5 percent in the second quarter in comparison to same period of the previous year. Consistently positive messages from the labor market are also buoying the economic mood.

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### **Income expectations show increase**

In the wake of improving economic forecasts, income expectations also grew in September. Growth of 5.3 points more than makes up for the losses of the previous month. The current measurement is 57.9 points. That is the highest it has been for a year. The income indicator measured 61.4 points in August 2017.

This year, too, the persistence of an excellent labor market has provided good conditions for solid income growth for employees. This also significantly pulls up statutory pensions, which are linked to salaries and incomes. This means that, although inflation has increased recently, consumers can still expect noticeable income increases in real terms.

### **Propensity to buy suffers slight losses**

Despite slight losses, Germans' desire to spend remains intact. The indicator fell by 2.3 points in September to 52.9 points, which is still very high. Compared to last year, the current figure represents a drop of a good four points.

Despite this small decrease, Germans remain in the mood to spend. The excellent position of the labor market provides employees with a high level of confidence in their job security. Job security, in turn, provides a certain level of surety with which to plan for larger purchases and expenses. People are also more willing to borrow to finance these larger purchases and expenses.

### **Consumer Climate: On the rise after two declines in a row**

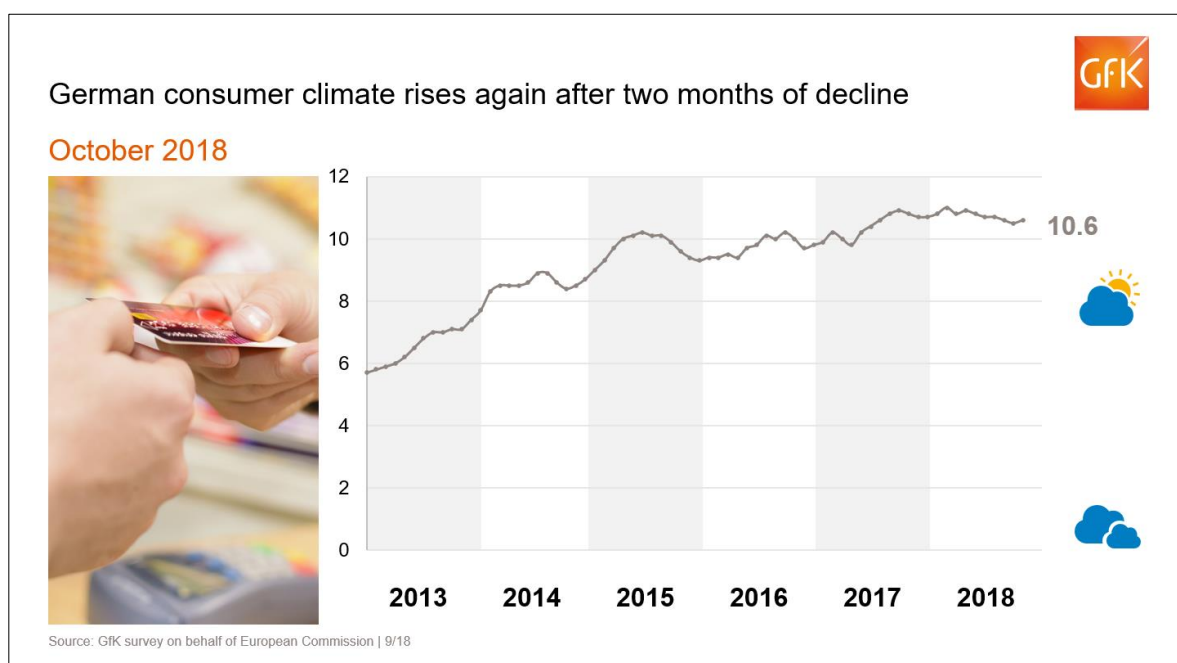
Following two consecutive drops, consumer climate is on the up once more. For October 2018, GfK forecasts a small increase in consumer climate of 0.1 points in comparison to the previous month, moving to 10.6 points. Private-sector spending will thus prove itself to be an important pillar of Germany's economic growth. This is significant, particularly in the light of the trade dispute between the EU and the USA. Exports could be hit by higher tariffs or restrictions, which will primarily impact Germany, as an exporting nation. If this happens, it will be all the more important for the domestic economy to act as a sturdy and reliable anchor. This is why GfK is confirming its prognosis that real private consumer spending will rise by around 1.5 percent this year.

The following table shows changes in certain indicators in September in comparison with the previous month and the previous year:

	September 2018	August 2018	September 2017
<b>Economic expectations</b>	27.1	22.2	33.4
<b>Income expectations</b>	57.9	52.6	52.7
<b>Propensity to buy</b>	52.9	55.2	57.0
<b>Consumer climate</b>	10.5	10.6	10.9

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

### GfK Consumer Climate Index



### Provisional publication dates for 2018

- Friday, October 26, 2018, 08:00 am
- Wednesday, November 28, 2018, 08:00 am
- Friday, December 21, 2018, 08:00 am

### About the study

The survey period for the current analysis was from August 31, 2018 to September 14, 2018. The

results are extracted 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 wellness sector as a whole account for the rest.

GfK's forecast for 2017 was an increase in consumption of at least 1.5 percent. According to data from the German Federal Statistical Office, private consumption rose by around 1.9 percent in real terms in 2017. 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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