

Press release

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Consumer sentiment in Europe stayed cautiously optimistic for Q1

Findings of the GfK Consumer Climate Europe Study for the first quarter of 2018

Nuremberg, 19 April 2018 – In the first quarter of 2018, consumer sentiment in Europe remained at a relatively stable level, despite slight declines after the overall upward trend seen throughout 2017. At the end of the quarter, the GfK Consumer Climate for the 28 EU stood at 20.6 points, compared to 21.1 points in December – but is still higher than at the same time last year. For 2018, GfK predicts an increase in private household consumer spending in the European Union, from 1.5 to 2 percent in real terms.

EU overall

Looking across all EU countries, economic expectation fell in March 2018 to an average of 15 points - two points lower than December 2017. However, this varies across countries. In France and Austria, the euphoria appears to have diminished temporarily in the wake of the elections, while consumers in the Czech Republic and Belgium have a far more positive view of the economic development of their countries, and those in Great Britain continue to show a gradually improving outlook.

Income expectation continued to rise on average across Europe. They increased by 1.3 points in the first three months to reach 16.3 points in March. Consumers in Great Britain and Bulgaria were particularly optimistic that their wages would rise and registered double-digit growth for this indicator. In contrast, France and Spain both recorded clear drops in income expectation.

Propensity to buy fell slightly on average across the EU to stand at 19.7 points in March. The Czech Republic was one exception where propensity to buy rose strongly, underscoring the generally positive mood of Czech consumers.

Great Britain: Income expectations make a clear leap

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The mood of consumers in Great Britain continues to show a positive overall trend in the first quarter of this year, with all three indicators rising. Economic expectations show the smallest rise, ending March at -16.6 points, which is two points higher than at the end of December.

Income expectations also showed increasing optimism in the course of the first quarter, with a sharp climb in March to 16.9 points – that is 12.2 points higher than at the end of last year.

While propensity to buy in Great Britain is still in negative territory, standing at -2.7 points, it has shown an upward trend in the last quarter, rising 4.2 points since December.

Germany: Consumer mood at a stable level

Economic expectations in Germany were slightly dampened in the first quarter of 2018, but the level stabilized again in March, when it stood at 45.9 points. This represents an increase of 0.7 points compared to the end of the fourth quarter of 2017.

Thanks to the positive labor market situation, income expectations of German consumers remained at a relatively constant level. They rose slightly in March to 54.9 points, or 0.6 points higher than in December.

The propensity to buy showed the clearest increase in the first quarter. This indicator stood at 59.1 points in March, which is a plus of two points compared to the end of the previous quarter.

France: Mood worsens again

After a year with overwhelmingly positive economic expectations, it appears that the "Macron effect" is wearing off: In the first quarter the indicator fell 8.9 points compared to December 2017 and stood at 34.5 points in March.

In parallel with downward economic expectations, French consumers continue to have a very cautious opinion of the development of their wages. Following especially pessimistic income expectations in February (-31.8 points), the first quarter ended at -20.7 points, which represents a decline of a further 7.1 points compared to December. The indicator has been recording negative values in France since 2007.

After an interim peak at the end of 2017, the propensity to buy in France lost further ground in the first quarter, falling by 6.1 points to 16.1 points. This still represents a significantly better result than in March 2017. At that time, the indicator stood at 8.4 points.

Italy: Political uncertainty weakens economic expectations

The expectations of Italian consumers were mixed in the first quarter of 2018. The outcome of the

parliamentary elections was apparently unable to lift the mood of the population. Economic expectations therefore once again found themselves in a downward spiral, even if this was less dramatic than in the first quarter of 2017. They currently stand at -28.1 points. This is 4.3 points lower than at the end of 2017.

In contrast, income expectations showed a positive trend. They rose again slightly in the first quarter. In March 2018, the indicator reached 4.4 points. During the same month last year, it stood at -8.9 points. Compared to December 2017 the value improved by 5.5 points in the first quarter.

The propensity to buy took a notable dip in the first quarter of 2018. Compared to the annual high of December 2017, the indicator dropped by 5.4 points and in March 2018 stood at just 15.7 points.

Spain: Severe fall in income expectations

The expectations of Spanish consumers of a positive economic trend fell in the first quarter of 2018. After a clear rise in economic expectations at the beginning of the year, in March the indicator fell to 12.1 points. This is 6.3 points lower than in December 2017.

A similar trend could be seen in income expectations, which lost a lot of ground in the first three months of the year. At the end they just managed to stay in the positive range at 2.1 points. This corresponds to a reduction of 9.5 points compared to the end of the previous quarter, which is a major drop of an indicator compared to the rest of Europe.

The propensity to buy slid into the negative range in the course of the first quarter, finishing at -2.1 points. This is 2.3 points lower than at the end of last year.

Netherlands: Indicators show a stable trend

Economic expectations in the Netherlands continue to operate at a stable level, showing a slight increase in the first quarter of 2018. The indicator rose by 0.3 points to 40.2 points in March.

Income expectations of Dutch consumers showed an even more positive trend with clear increases, especially in March 2018. The result of 17.2 points corresponds to a five-point increase compared to December 2017 and is the highest value since 2002 (20.7 points).

The Dutch propensity to buy remained stable, if also slightly dampened. In March 2018, it stood at 21.4 points, making it 1.7 points lower than in December 2017.

Austria: Consumer mood rather more cautious

The thoroughly positive trend of all indicators in Austria reached its peak in December 2017. In the first quarter of 2018, consumer expectations fell, especially where the economy was concerned. In

March, this indicator stood at 37.6 points, which is 7.2 points down on the end of the previous quarter.

Austrians proved skeptical about the development of wages, especially at the beginning of the year. This indicator was able to bounce back again in the course of the quarter but still recorded a drop of 5.3 points compared to December 2017. In March 2018, it stood at 32 points.

The propensity to buy of Austrian consumers has shown a continual decline. After reaching record levels in December 2017, it fell 5.6 points in the first quarter, finishing at 25.4 points in March 2018.

Portugal: Propensity to buy seesaws

Economic expectations of Portuguese consumers sank slightly at the beginning of the year, reaching 32.2 points in March. This is 0.9 points lower than in December 2017.

There was also a degree of continuity for the income expectations of the Portuguese. After more cautious values at the beginning of the year, in March the indicator stood just 0.8 points below the result of December 2017 and achieved 29 points.

Even though the propensity to buy in February even managed to exceed the record level of December 2017, the indicator finished the first quarter down 3.1 points at 10.7 points.

Belgium: Optimistic economic expectations

Economic expectations and the propensity to buy are currently moving in different directions in Belgium. When asked to rate the country's economic development, Belgian consumers are more optimistic than they were at the end of 2017. Economic expectations therefore rose by 5.2 points in the first quarter to 29.6 points.

In terms of wage development, the Belgians were wavering in their opinions: While the value in February 2018, at -13.9 points, was significantly further in the negative range than at the end of last year, consumers appeared more confident in the early spring. In March, the indicator stood at zero points, which is 1.8 points more than in December 2017.

The uncertainty around wages could also be one reason for the cautious propensity to buy. This reached 13 points in March 2018, putting it 6.8 points below the value of December 2017.

Greece: Indicators fall again

The financial and economic crisis continues to dampen the mood of Greek consumers and has brought another downturn in all indicators.

Economic expectations in Greece are hardest hit, dropping to -20.6 points in March 2018. This is

8.4 points down on December. Only the Italians have a more negative view of the economic prospects for their country.

Greeks rate their income expectations worse than any other country in Europe. In the first quarter, the indicator lost six points compared to December 2017 and fell to -27.7 points.

The propensity to buy in March 2018 stood at -23.6 points, again the lowest value in Europe. Compared to the value of December 2017, this marks a drop of one point.

Poland: Slight increases for all indicators

Polish consumers continue to have a positive view of economic developments in their country. This results in stable indicators with slight increases. Economic expectations stood at 35.5 points in March 2018. This is 1.1 points more than in December 2017.

With a plus of 3.4 points, Polish income expectations were also on the rise in the first quarter. In March 2018, this indicator stood at 35 points.

At the beginning of the year, the propensity to buy of Poles was also moving in a positive direction. It stood at 34.3 points at the end of the first quarter, which was 2.5 points higher than in December.

Czech Republic: Propensity to buy gathers speed

Czechs showed clear gains in all indicators in the first quarter. Economic expectations improved in March by 6.8 points compared to December 2017, rising to 36.9 points.

Income expectations of Czech consumers also showed a rise of 3.4 points over December 2017, bringing the figure to 45.1 points in March. This enabled Czechs to narrow the gap with Germany, which currently has the highest value for this indicator within the European Union.

After a dip at the end of the year, the propensity to buy of Czech consumers rose significantly in the first quarter. In March 2018, the indicator stood at 25.2 points, which represents a rise of 11.2 points. The Czech Republic is therefore one of the five countries with the highest propensity to buy in Europe.

Slovakia: Income expectations show slight improvement

The economic expectations of Slovakian consumers fell again sharply in March 2018. After a short interim high in the first two months, the indicator slumped to 12.8 points at the end of the quarter, ending at 4.2 points below the value of December 2017.

In contrast, the economic expectations of Slovakian consumers was able to recover, even if only slightly. At 24.5 points it was still 1.7 points below the value recorded in December 2017.

The Slovakian propensity to buy also logged a lower value than at the end of the fourth quarter. In March 2018, the indicators stood at seven points. This is 0.9 points lower than in December 2017.

Slovenia: Economic expectations high

Slovenian consumers remain in a positive mood, resulting in slight growth in all indicators. There was relatively little movement in economic expectations in the first quarter. The indicator reached 37.1 points, which is 2.4 points more than in December 2017.

With a plus of 1.1 points compared to December, economic expectations in Slovenia also remained constant. In March they reached a level of 30.8 points.

Propensity to buy was able to increase slightly more, rising to a level of 24.6 points in the first quarter. This is 2.6 points more than at the end of 2017.

Bulgaria: Income expectations rise substantially

Bulgarian consumers had a less positive view of the economy at the beginning of the year. The indicator fell 1.6 points compared to December 2017, reaching a level of 4.7 points.

In contrast, Bulgarians were far more optimistic in their evaluation of wage development. Income expectations showed double-digit growth in March compared to the end of the fourth quarter of 2017 with an increase of 10.7 points, finishing at 22 points.

Propensity to buy was also able to improve again. It rose in the first quarter by 3.8 points to 26.7 points.

Romania: Income expectations and propensity to buy show further decline

In the first quarter of 2018 Romanian consumers continued to show a lack of optimism. Even if the indicators did not record such strong losses as in December 2017, income expectations and propensity to buy fell again. Only economic expectations showed a slight rise, improving by 2.7 points to -16.6 points.

Income expectations of Romanians are in a downward spiral. The values sank further with a single-digit fall, reaching 4.1 points in March, 2.6 points lower than in December 2017. In March 2016, this indicator stood at 33.7 points.

Propensity to buy showed a similar trend. In March it fell to -2.7 points, 2.5 points below the value of December 2017.



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