Press release

The next GfK Consumer Climate Study will be published on
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Consumer climate remains stable

Findings of the GfK Consumer Climate Study for April 2019

Nuremberg, April 30, 2019 – Consumer mood is displaying an overall uniform image in April 2019. Income expectations and propensity to buy are increasing from an already high level, while economic expectations have to cede a significant portion of the gains made in the previous month. For May, GfK is predicting a consumer climate value of 10.4 points.

The consumer climate has managed to stabilize again following two decreases in a row. The propensity to buy can benefit from the optimistic income mood in April and make up for its losses in the previous month. While income expectation is increasing, economic expectation is continuing its downward trend. The gap between economic and income expectations therefore continues to widen.

Economic expectations continue to fall

The downward trend in consumer economic outlook that has persisted for over a year continues in April – following a brief intermission in the previous month. The economic expectation indicator loses 5.1 points, falling to 6.1 points. As a result, the economic mood has lost more than 31 points over the last twelve months.

Uncertainty is again increasing slightly among consumers with respect to future economic developments in Germany. A global weakening of economic activity, the endless back and forth over Brexit, and the persistent trade conflict with the USA have recently prompted the risk of recession to increase again slightly. It is trade restrictions, such as higher customs duties, above all that pose a constant threat to the export nation of Germany.

The German government also recently reduced its growth prediction for Germany from one to 0.5 percent for the year. However, the government is

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assuming that this weak phase will be temporary only and economic growth should return to 1.5 percent in the coming year.

Income expectations continue to defy weak economic activity

Income prospects continue to fight against a weakening economy. The income expectation indicator gains 2.5 point, increasing to 58.4 points. It is thereby compensating for a significant portion of the 4.1 points lost in the previous month. In fact, it is 4.9 points higher than at the same time last year. The gap between economic and income expectations therefore continues to widen.

Since developments on the labor market should remain stable despite a weak economic period, consumers clearly do not yet see any reason to abandon their income optimism. Above all, the consistently positive development of wages and salaries resulting from a flourishing labor market is a crucial pillar here. This year pensioners too can benefit in particular from good salary developments.

Income expectations propping up propensity to buy

Propensity to buy is also able to benefit from the strengthening income forecasts in April. This indicator increases to 54.8 points, following an increase of 4.6 points. The losses of the previous month, of 3.4 points, are therefore more than compensated for. Consumer mood among Germans continues to be very strong.

The mood among consumers continues to remain intact during the start of 2019 despite a weak economy. This can only continue in future if employees are not faced with any uncertainty on the labor market. If the indications that companies are reconsidering their recruitment plans because of the trade conflict or Brexit increase, this would certainly place a strain on the consumer mood.

Consumer climate regains stable position

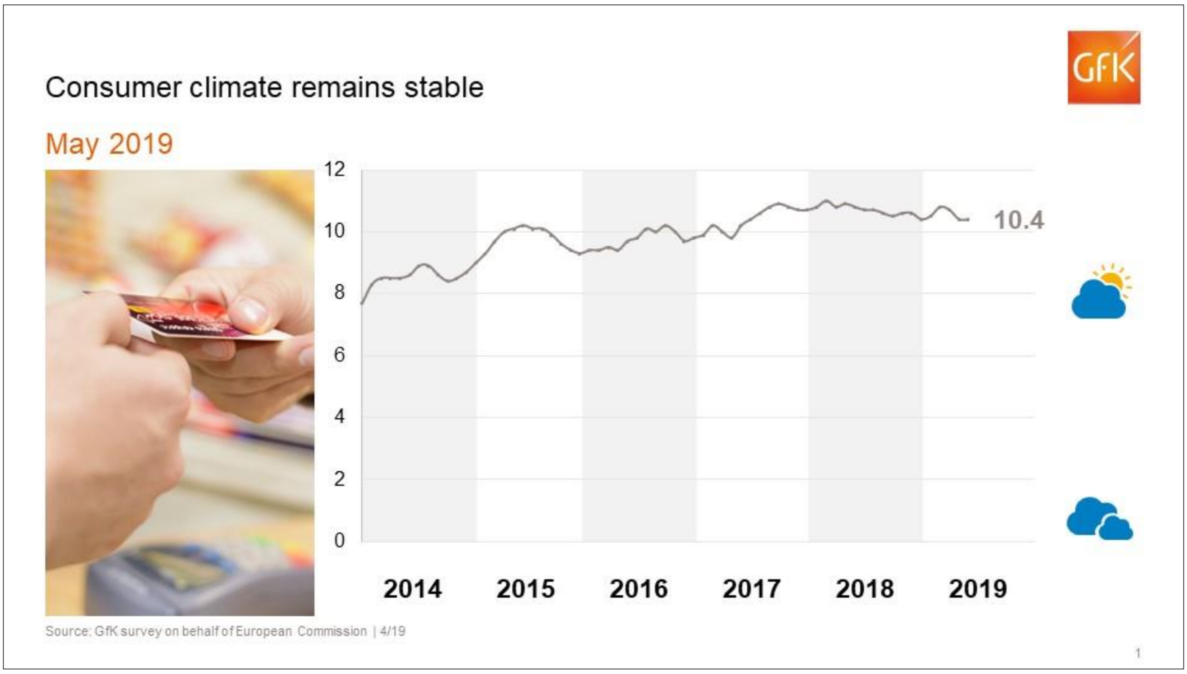
Compared to the previous month, the consumer climate for May registers an unchanged value of 10.4 points and is able to regain its stable position following two drops in a row.

Despite the economic headwinds, GfK still assumes that private consumer spending will increase by around 1.5 percent this year. However, this assumes that the uncertainty among employees surrounding the dark clouds over the global economy, the trade conflict, and Brexit do not increase further. Were this to happen, it would certainly also affect consumer economic activity and most likely render the current prediction invalid.

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

	April 2019	March 2019	April 2018
Economic expectations	6.1	11.2	37.4
Income expectations	58.4	55.9	53.5
Propensity to buy	54.8	50.2	60.0
Consumer climate	10.4	10.7	10.9

The following graph tracks the Consumer Climate Index over recent years:



Provisional publication dates for the second quarter of 2019

- Tuesday, April 30, 2019, 8:00 am
- Tuesday, May 28, 2019, 8:00 am
- Wednesday, June 26, 2019, 8:00 am

About the study

The survey period for the current analysis was from March 29 to April 12, 2019. 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 2019 is an increase in private consumption of 1.5 percent. 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

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