



## Press Release

The next GfK consumer climate report will be published on  
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### A confident start to autumn in Germany

#### Findings of the GfK consumer climate study for September 2009

**Nuremberg, September 25, 2009 – The upward trend in the consumer climate in Germany is continuing at the beginning of autumn. Economic and income expectations are increasing and the propensity to buy has once again improved on its good level. The overall indicator is forecasting a value of 4.3 points for October 2009, following a revised value of 3.8 points in September.**

Over the past few weeks there have been a growing number of reports claiming that the economic decline is less severe than was feared several months ago. Consequently, the future outlook of consumers is becoming increasingly optimistic, with economic expectations rising for the sixth time in a row. In addition, the calm price climate and lack of inflation is ensuring that purchasing power is strengthening. Income expectations and the propensity to buy are therefore continuing their upward trend. The fact that the feared slump on the labor market has so far not materialized is also supporting the positive mood.

#### Economic expectations: upward trend consolidated

In autumn this year, the economic expectations of Germans are continuing their climb from the recessionary low at the beginning of 2009. The indicator has even recorded a double-digit increase of 10.9 points in September. Currently standing at 3.4 points, the indicator has therefore passed the zero mark – representing the long-term average value – for the first time since June 2008.

Consumer perceptions are evidently being increasingly shaped by the recognition that the “worst” is behind them and they can now look to the future with greater optimism. The third wave of a survey carried out by GfK-Nürnberg e.V. (the GfK Association) at the end of August/beginning of September this year produced very similar findings. Here too, the number of those stating that the crisis has yet to bottom out has fallen significantly over three months. Accordingly, the number of those who believe the worst of the recession has already been passed has increased. This is confirmed

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by the fact that a series of economic forecasts for this year have been revised upwards in the past few weeks. In addition, experts now assume that the labor market will suffer a less dramatic slump than was feared a few months ago. Employers are also assessing economic development in Germany more positively. This is demonstrated by the Ifo Business Climate Index, which rose slightly in September for the sixth time consecutively.

### **Income expectations: still on the ascent**

The income expectations of consumers have recorded a fourth consecutive increase in September. Following another considerable rise, this time of 7.2 points, the indicator now stands at 16 points. A higher figure has not been recorded since July 2007.

In addition to the measures from the German economic stimulus package II, which have provided relief for private households, the currently very low level of inflation is having a particularly positive effect on consumers' income expectations. As a result of stable or even falling prices, many consumers are experiencing higher purchasing power and have more money in their pockets. This positive situation is currently still suppressing any fears over job losses related to the threat of rising unemployment.

### **Propensity to buy: good level improves again**

Despite its already good level, the propensity to buy has once again increased in September. The indicator has climbed 5.4 points to stand at 36.5 points, and compared with the previous year, a rise of just under 50 points has even been recorded.

The fact that consumers' price expectations remain at a historically low level is supporting the propensity to consume. This correlation between price development and the propensity to buy has been observed time and again in the past. If there is a clear downward trend in inflation expectations, this has a stimulating effect on the propensity to buy. The amazingly robust labor market, which is still benefiting from the far-reaching short-time working regulations, is probably also currently providing additional support.

### **Consumer climate: continues to climb**

The overall indicator is forecasting a value of 4.3 points for October, following a revised value of 3.8 points in September. The consumer climate is therefore continuing to improve. However, in a long-term comparison, the level of the indicator is comparatively low. The average value since German reunification is 9 points, which is markedly higher than the current level.

Private consumption therefore remains the major source of support for the German economy this year, since investments and exports will record a big loss for 2009. However, the further development of the labor market will be decisive in terms of whether domestic demand can continue to fulfill this

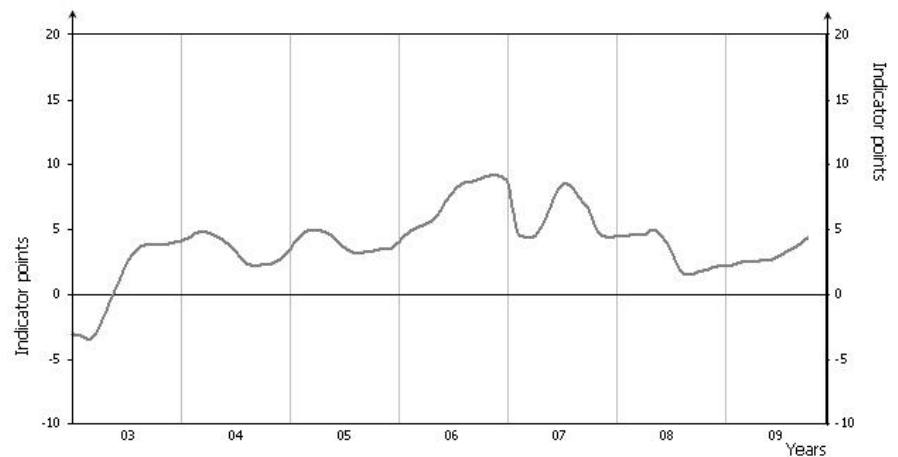
supportive function. Should the number of unemployed people rise sharply in the coming months, this will adversely affect consumers and weaken the consumer climate.

The following table shows the development of the individual indicators in September in comparison with the previous month and previous year:

	September 2009	August 2009	September 2008
<b>Economic outlook</b>	3.4	-7.5	-15.7
<b>Income expectations</b>	16.0	8.8	-14.1
<b>Buying propensity</b>	36.5	31.1	-12.8
<b>Consumer climate</b>	3.8	3.4	1.5

The following chart shows the development of the consumer climate indicator over the past few years:

**GfK consumer climate indicator (as at: September 2009)**



### The survey

These findings are extracts from the "GfK consumer climate MAXX survey", which is based on around 2,000 consumer interviews conducted each month on behalf of the EU Commission. The report contains charts, forecasts and a detailed commentary regarding the indicators. In addition, the report includes information on proposed consumer spending in 20 different areas of the consumer goods and services markets. The GfK consumer climate survey has been conducted since 1980. Further information concerning the consumer climate methodology you find [here](#).

The next publication date will be on October 26, 2009.



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The table below provides an overview of the individual indicators:

<b>Economic outlook</b>	This index is based on the following question to consumers: "How do you think the general economic situation will develop in the next 12 months?" (improve – stagnate – deteriorate)
<b>Income expectations</b>	This index is based on the following question to consumers: "How do you think the financial situation of your household will develop in the next 12 months?" (improve – stagnate – deteriorate)
<b>Consumption and buying propensity</b>	This index is based on the following question to consumers: "Do you think it is advisable to make major purchases at the moment?" (good time – neither good nor bad time – bad time)
<b>Consumer climate</b>	This index is used to describe private consumption. Key factors are income expectations, buying propensity and savings trends. The economic outlook has a more indirect effect on the consumer climate, generally as a result of income expectations.

Provisional publication dates for 2009 GfK consumer climate reports:

Monday, October 26, 2009

Wednesday, November 25, 2009

Tuesday, December 22, 2009

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