

## Press release

The next GfK Consumer Climate Study will be published on  
June 26, 2019, 8:00 a.m.

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### Consumer mood almost unchanged in May

#### Findings of the GfK Consumer Climate Study for May 2019

**Nuremberg, May 28, 2019 – The mood among consumers appears only slightly changed in May 2019. While income expectations improved slightly, economic outlook and propensity to buy declined somewhat. For June, GfK is predicting a consumer climate value of 10.1 points, following a revised\* May figure of 10.2 points.**

Following a period of stability, the consumer climate was forced to take a small hit once more. While income expectation appears relatively stable and is increasing again from an already very high level, the economic outlook is continuing its downward trend, albeit less rapidly. Propensity to buy has also had to concede some of its excellent level. The gap between economic outlook and income expectations therefore continues to widen in this month, too.

#### Economic outlook's downward trend slowing

The steep downward spiral of the **economic outlook** has continued in May. However, it has significantly reduced its speed. The indicator fell to 1.7 points following a comparatively small loss of 1.3 points. The economic outlook has therefore lost almost 32 points within a twelve-month period.

The global cooling off of the economy, the endless discussions around Brexit, and the risk of an escalation of the trade conflict with the USA have also put a noticeable brake on the economic outlook of consumers. Persistent trade conflicts pose a particular threat to the export nation of Germany. Weak periods of economic activity have a similar effect on export markets.

As a result, the growth prognoses for Germany were recently reduced by around 0.5 percent. However, the Germany economy got off to a surprisingly good start in 2019. According to data from the Federal Statistical Office of Germany, GDP grew by 0.4 percent in the first quarter

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compared to same period of the previous year. Germany's economic performance stagnated in the last quarter of 2018 (0.0 percent), and even declined somewhat in the third quarter by -0.2 percent.

### **Income expectations show slight increase**

Contrary to the weakening economic outlook, **income expectations** among consumers continue to remain largely stable at an already very high level. The indicator rose by 0.9 points and now stands at 57.7 points. It is also five points higher than at the same time last year.

The gap between economic and income expectations has therefore widened again. The income indicator has benefited in particular from an excellent job market. For example, the number of persons in employment in the first quarter of 2019 rose by 1.1 percent compared to the same quarter last year. According to statistics of the Federal Statistical Office of Germany, 44.9 million people are currently in employment, the highest it has been since the reunification of East and West Germany. The strong demand for workers is also leading to a significant increase in employees' incomes. Pensioners can also profit from this since the progress of their income is linked to wage trends.

### **Propensity to buy loses some of previous month's gains**

In contrast to the economic outlook, **propensity to buy** has suffered moderate losses in May. Following a decrease of 2.6 points, the indicator currently stands at 50.5 points. It was therefore forced to concede part of the gains it recorded in the previous month.

The continuing high level of propensity to buy proves that the mood among consumers remains unchanged. This is very positive news in light of the general economic uncertainty. This optimism is most certainly due in part to the good and stable situation on the job market. If this positive consumer mood is to continue, therefore, it is essential that employees remain certain regarding the security of their jobs. However, if employees begin to increasingly doubt the security of their jobs, this would put a strain on consumer mood.

### **Mild deterioration in consumer climate**

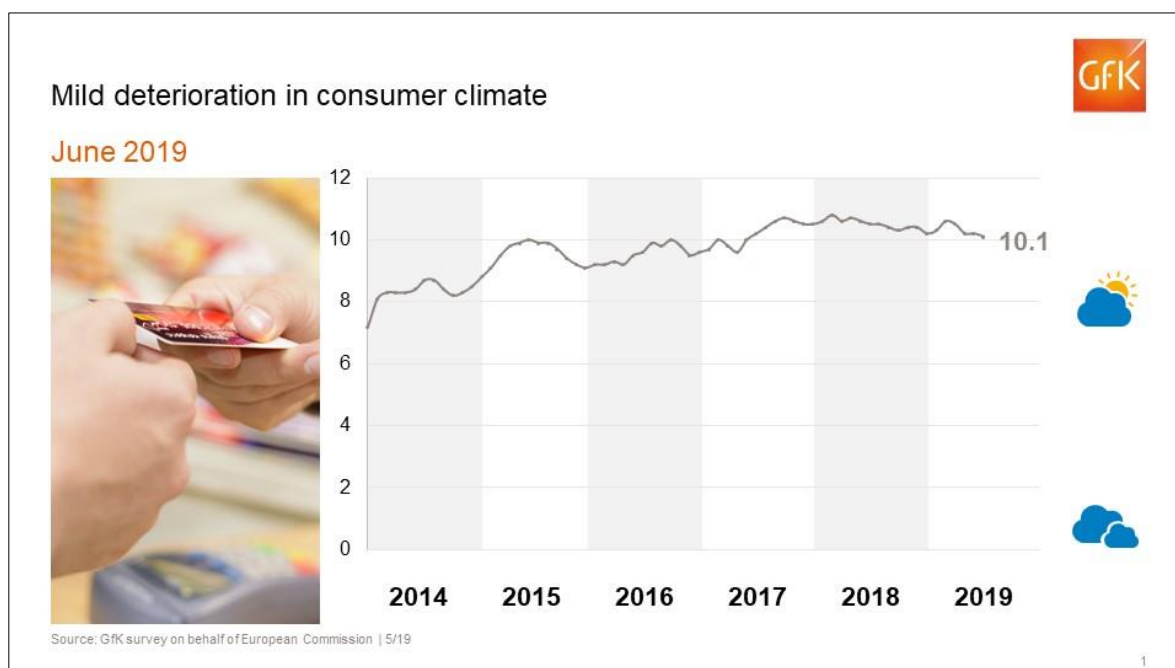
For June, the **consumer climate** is exhibiting a value of 10.1 points, 0.1 points lower than May.

Despite this slight decrease, consumer climate continues to look positive and stable. As before, GfK is predicting that real private consumer spending in 2019 will increase by around 1.5 percent. Domestic demand will form an important pillar of the economy. For this to remain the case in future, it is necessary that the uncertainty caused by the trade conflict with the USA and discussions around Brexit do not increase any further. Should this happen, it would put a dampener on the consumer climate and the current prognosis would certainly no longer be sustainable.

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

	May 2019	April 2019	May 2018
<b>Economic expectations</b>	1.7	3.0	33.6
<b>Income expectations</b>	57.7	56.8	52.6
<b>Propensity to buy</b>	50.5	53.1	54.9
<b>Consumer climate</b>	10.2	10.2	10.9

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



### Provisional publication dates for the second and third quarter of 2019

- Wednesday, June 26, 2019, 8:00 am
- Tuesday, July 30, 2019, 8:00am
- Wednesday, August 28, 2019, 8:00am
- Wednesday, September 25, 2019, 8:00am

## **About the study**

The survey period for the current analysis was from May 3 to 17, 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 brief comments on the indicators. 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.

\*It was necessary to revise indicator values since the collection method was changed in May. Starting in May 2019, the results of the consumer climate survey are obtained from monthly online 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.

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## **About GfK**

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