

## Press release

### EU consumer climate at its highest level in nine years

February 9, 2017

Rolf Bürkl  
Tel. +49 911 395 3056  
[rolf.buerkl@gfk.com](mailto:rolf.buerkl@gfk.com)

Ursula Fleischmann  
Corporate Communications  
Tel. +49 911 395 2745  
[ursula.fleischmann@gfk.com](mailto:ursula.fleischmann@gfk.com)

#### Results of the GfK Consumer Climate Europe study for the fourth quarter of 2016

**Nuremberg, February 9, 2017 – Overall, consumer confidence in Europe experienced very positive growth in the fourth quarter of 2016. The GfK consumer climate for the 28 EU countries rose by 5.6 points to 17.9 points in December, its highest value since January 2008. Over the year, the individual indicators – economic and income expectations and propensity to buy – did not develop uniformly.**

The topics dominating headlines in Europe during the fourth quarter of 2016 were the war in Syria, terrorism in Europe, the US presidential election at the end of November, and the continued rise of nationalist parties and tendencies in virtually all European countries. It is clearly evident, however, that all this negative news has not rubbed off on consumers. It appears that Europeans are being increasingly selective as to precisely which topics they allow to have an influence on their daily lives. As a result, the economic and income expectation and propensity to buy indicators have been largely unaffected by the war in Syria, developments in Turkey, the US presidential election, and the ongoing threat of terror in Europe. Instead, economic growth figures in the individual countries have played a more significant role. Consequently, the GfK consumer climate for the 28 EU countries rose by 5.6 points to 17.9 points between September and December.

#### Economic outlook improved considerably in Germany

The economic expectations of Germans grew substantially in autumn, climbing by 9.6 points between September and December. This significant increase during the fourth quarter of 2016 brought the indicator to 16.4 points by the end of the year, which was almost as high as it was in June (18.0 points; record high for 2016).

The results recorded in Germany can be attributed to the country's strong economic position. During the last quarter of 2016, gross domestic product grew by 1.7 percentage points in comparison with the same period in the previous year and, at a constant 4.2 percent, the unemployment rate was at its lowest level since the reunification.

These favorable economic conditions also saw the income expectations of German consumers rise by a further 3 points to 55.6 points between September and December. In November, the indicator sank temporarily to its

GfK SE  
Nordwestring 101  
D-90419 Nuremberg  
Tel. +49 911 395 0

Management Board:  
Dr. Gerhard Hausruckinger  
(Speaker for the Management Board)  
Christian Diedrich (CFO)  
David Krajicek  
Alessandra Cama

Chairman of the  
Supervisory Board:  
Ralf Klein-Böling

Registration court:  
Nuremberg HRB 25014

year low of 44.5 points. However, this figure was still almost five points higher than at the same time last year. Income expectations can be described as exceptionally high.

The propensity to buy indicator was unable to fully maintain its high level at the end of the year, falling by 5.3 points between September and December. This meant that it stood at 48.0 points at the end of the year, which is 1 point less than in the previous year.

### **Economic expectations and propensity to buy at record highs in France**

The economic expectations of the French people soared in the fourth quarter of the year, with consumers believing that the economy will pick up considerably over the next few months. As a result, the indicator climbed by 13.0 points between September and December to 19.8 points, its highest level since August 2007. This constituted an increase of 12.6 points in comparison with the end of 2015.

The income expectations of French consumers also rose during the last quarter by 4.3 points to -9.6 points. Although this was an increase compared with the end of the third quarter, the indicator still stood at 4.7 points less than in the previous year. French consumers have been expecting mediocre growth in income since October 2007, which is reflected in the indicator's negative value. This can surely be attributed to the constantly high unemployment rate, in particular among young people, as well as the way in which the economy is failing to gain noticeable momentum.

The growth in economic expectations had a positive impact on French consumers' propensity to buy. In December, the willingness of the French people to make larger purchases grew to its highest level in 15 years. During the fourth quarter, the indicator climbed by 4.2 points to reach 12.9 points by the end of the year. This is 17.5 points higher than at the same time in the previous year.

### **Economic and income expectations barely recover in Great Britain**

After temporarily dropping to their lowest level in four years (-28.2 points) in July following the Brexit vote, the economic expectations of British consumers initially stabilized at the end of the third quarter. However, the indicator fell again by 9.8 points between September and December, ending the year at -11.6 points. This is 28.2 points lower than at the same time in the previous year. It appears as if British consumers expect their country's economy to decline in the coming months due to the vote in favor of Brexit. So far, however, Britain's promised departure from the EU has not had any perceptible impact on its economic strength, with its gross domestic product growing by 2.2 percent in the third quarter of 2016 compared with the same time in the previous year.

At the other end of the spectrum, income expectations rose by 13.2 points in the fourth quarter of 2016, reaching 3.2 points at the end of the year. This nevertheless represents a drop of 3.4 points compared with the figure recorded at the end of 2015. However, it is a reverse of the negative trend seen over the summer in the immediate aftermath of the Brexit vote. This indicator has also been positively influenced by the low unemployment rate, which currently stands at 4.8 percent – the lowest value since the third quarter of 2005.

Despite the negative economic developments, the propensity to buy of the British increased by 8.8 points to 15.5 points in the fourth quarter of the year. This means that the overall trend remains positive, as in December the indicator stood at around five points higher than at the same time in 2015.

### **Italians expect their economic situation to worsen dramatically**

After declining drastically in the first half of the year, economic expectations in Italy seem to have reached the end of their downward spiral in the fourth quarter. Compared with September, the indicator climbed slightly by 2.4 points to -38.2 points. Nevertheless, the economic expectations of Italian consumers remained firmly entrenched in negative territory in the fourth quarter of the year, giving Italy the worse rating of all the European countries. It is apparent that Italian consumers are expecting the economic situation in their country to continue to deteriorate significantly. In November, with -41.6 points, the indicator even reached its lowest level since November 2013. The extent of the deep-rooted pessimism for the future becomes particularly clear when comparing the figure recorded in December 2016 with that from December 2015, when the economic expectations indicator stood around 37 points higher at -1.4 points.

Despite the deeply negative economic expectations, income expectations surprisingly entered positive figures in the fourth quarter of 2016. While the indicator still read -10 points in September, by the end of the year it had climbed by 13.2 points to 3.2 points, meaning that it once again left negative territory. In spite of their pessimistic views on economic growth, Italian consumers seem to believe that incomes will remain stable. This could be attributed to the unemployment rate, which has stayed unchanged for the last year and a half, and suggests that the population is currently somewhat less fearful of a rise in unemployment. According to the European Commission, the Italian unemployment rate was constant at 11.6 percent throughout 2016.

Although the propensity to buy indicator plummeted to 6.8 points in Italy in September, the desire to spend money recovered slightly during the fourth quarter of the year. Overall, propensity to buy rose by 4.8 points to 11.6 points by December. This is still, however, around 13 points less than at the same time in the previous year.

### **Spanish consumers end the year with renewed optimism**

The Spanish economy is booming. During the third quarter of 2016, gross domestic product grew by 3.4 percentage points compared with the same period in the previous year. After economic expectations reached their 2016 low of 11.4 points in July, the indicator started to recover consistently, climbing 12.1 points to 24.6 points between September and December. This figure is nevertheless around 27 points less than at the end of 2015, when the economic expectations of Spanish consumers reached their historic high of 51.4 points.

Due to the growing economy, Spaniards also continue to believe that incomes will rise moderately. This is likely attributable in part to the steady fall in the unemployment rate. According to the European Commission, this stood at 19.4 percent in the third quarter of 2016, which is the lowest rate recorded in more than six years (first quarter of 2010: 19.3 percent). Income expectations reached 15.5 points in December, which constitutes a rise of 6.8 points since September. However, this figure is more than 15 points lower than in December 2015.

In contrast, propensity to buy remained largely static in the last quarter of the year, as Spanish consumers still have very little money left over to make purchases beyond the daily necessities. The indicator decreased by a further 1.4 points at the end of the fourth quarter to -6.3 points. This constitutes a slight increase of 1.6 points compared with the same period in the previous year.

### **Economic and income expectations at a record high in Portugal**

Portugal's economy is growing slowly but surely. However, the country's consumers believe that it will pick up significantly in the coming months. This is evident from the economic expectations indicator, which rose by 15.8 points to 30.6 points in the fourth quarter of the year. This is the highest value since February 1992 (31.8 points). In February 2016, in contrast, it stood at just 10.3 points.

This optimism has also spread to the income expectations indicator. Although the jobless figures in Portugal are still very high, according to data from the European Commission, they have been falling steadily over the past few years. Overall, the unemployment rate decreased from 17.0 percent in the second quarter of 2013 to 10.9 percent in the third quarter of 2016. Over the course of 2016 alone, it improved by 1.4 percentage points. Due to this positive trend, Portuguese consumers anticipate that labor market conditions will improve even further. In the fourth quarter of the year, income expectations rose by 5.4 points to 25.5 points, which is the highest level recorded since October 1995 (26.3).

As was the case with the economic and income expectations indicators, the propensity to buy indicator also experienced positive growth at the end of

2016. Although more expensive products and services that are not essential to everyday life are still far from affordable for many Portuguese consumers, the indicator increased by 23.8 points in comparison with the same time in the previous year, bringing it to -9.6 points. This is the highest level since November 2003 (-6.3 points).

### **Dutch economy gains momentum, while propensity to buy is very strong**

The Dutch economy is continuing to grow. In the third quarter of 2016, gross domestic product increased by 2.5 percentage points compared with the same period in the previous year. The unemployment rate also improved during this time. It fell to 5.8 percent in the third quarter of 2016, its lowest level for more than four years (second quarter of 2012: 5.7 percent).

With economic expectations rising by 7.5 points in the fourth quarter of the year to their 2016 high of 25.2 points in December, it appears that Dutch consumers believe the economy will continue to grow significantly in the coming months. This upward trend has been ongoing since July 2016.

The positive economic conditions, however, are still not fully reflected in the income expectations recorded for Holland. Although the indicator rose slightly to -3.2 points between September and December, this score suggests that Dutch consumers expect incomes to rise moderately over the next few months.

In contrast, at 22.5 points, propensity to buy was at a high level in December, having climbed 5.1 points since September. In October 2016, the indicator even rose to 23.5 points, its highest level since January 2001.

### **Economic expectations only recover slowly in Belgium**

Belgian economic expectations increased by 2.3 points between September and December. However, at just 4.8 points in December, the indicator was 10.8 points down on the same time in the previous year. It appears that Belgian consumers believe the economy will grow only slightly in the coming months.

Income expectations were also only able to achieve a slight increase from September, rising by 2.2 points to -13.1 points in December. While this nevertheless indicates that Belgians still assume incomes will experience only weak growth over the next few months, this figure is still more than three points higher than in December 2015.

Belgian consumers' propensity to buy is very strong in comparison with the low economic and income expectations. The indicator stood at 16 points in December, which is 1.8 points more than in September.

### **Greek consumers anticipate falling wages**

The ongoing difficult financial and political conditions in Greece were reflected in the economic expectations of consumers last year. By May 2016, the indicator had plummeted to -51.6 points, which is its lowest level since January 2012. After this, however, it gradually began to recover. Although the economic expectations indicator rose by a further 3.3 points between September and December to -33.8 points in December, this is almost exactly the same value as at the same time in the previous year. Despite this value remaining extremely low, a clear overall upward trend has begun to emerge. In the third quarter of 2016, gross domestic product increased by a respectable 1.8 percent compared with the same period in the previous year.

The Greek population nevertheless continues to foresee weak growth in income. The indicator fell by 2.6 points to -40.1 points between September and December. This represents a loss of 22.1 points compared with the same period in the previous year. The unemployment rate may have fallen by a total of 1.2 percentage points in 2016, but it was still the highest in Europe, standing at 23.2 percent in the third quarter of the year. This means that the Greek people still have no prospects of more jobs and higher levels of income.

The poor economic conditions are also reflected in Greek consumers' propensity to buy. Despite the fact that the indicator had climbed by 6.7 points between September and December to reach -36.1 points, it still remained at the same low level recorded at the same time in the previous year. This suggests that purchases beyond the daily essentials remain far from affordable to Greek consumers.

### **Austrian economic expectations enjoy an upswing**

The economic expectations of Austrian consumers increased by 19.2 points to 12.0 points in the fourth quarter of the year, re-entering positive territory for the first time since January 2014. The indicator was even up by 31 points on the same time in 2015. Following on from the victory of Van der Bellen in the presidential elections, Austrians seem to believe that their country's economic performance will improve in 2017. According to the European Commission, GDP grew by a moderate 1.5 percent in the third quarter of 2016, while the unemployment rate remained constant at 6.1 percent.

This upturn in economic expectations in the wake of the elections did not, however, have any impact on income expectations. In March 2016, this indicator reached its highest level (36.5 points) since records began in 1995. After this point, however, income expectations experienced continuous declines. In December, they reached 19 points, which is 5.4 points lower than in September.

Austrians' propensity to buy also decreased in the fourth quarter. The indicator lost 5.3 points between September and December, bringing it to 12.6 points. Overall, the indicator recorded steady losses from May (27.6 points), ending the upward trend experienced in the first four months of 2016.

### **Economic and income expectations fall, while propensity to buy increases in Poland**

Economic growth tailed off slightly in Poland, slowing to 2.2 percent in the third quarter of 2016. The economic expectations of consumers declined in the fourth quarter, the indicator falling by 7.1 points from 23.7 points in September to 16.6 points in December.

At 42.7 points, income expectations reached their highest level in almost ten years in September (November 2007: 43 points). However, the indicator was unable to maintain this high level during the fourth quarter of 2016, dropping by 12.8 points to reach 29.9 points in December.

While the economic and income expectations of Polish consumers declined noticeably in the fourth quarter of 2016, propensity to buy rose considerably. These positive developments can certainly be attributed to the favorable economic conditions, the historically low unemployment rate of just 6.2 percent in the third quarter of 2016, and the historically low interest rates, which create the right climate for consumers to purchase expensive and high-value products and services. In October, propensity to buy rose to 27.2 points, its highest level since August 2008 (30.7 points). Although it fell again to 20.8 points in December, this figure still constituted an increase of 9.3 points compared with September, and of 14.7 points compared with December 2015.

### **Income expectations at a record high in the Czech Republic**

Gross domestic product in the Czech Republic increased by 2.1 percent in the third quarter of 2016 compared with the same period in the previous year. Although this is the lowest level of growth since the first quarter of 2014, Czech consumers remain very optimistic about how their country's economy will develop over the next few months. At 36.8 points, the economic expectations of the Czech people were 9.4 points higher than at the same time in the previous year and 0.4 points higher than in September.

Thanks to positive economic growth, unemployment also remains very low. According to the European Commission, it stood at 4.0 percent in November, which is the lowest level for more than 20 years (third quarter of 1996: 3.9 percent) and currently also the lowest rate in the EU. As a result, Czech consumers still believe that income will continue to rise significantly in the coming months. This is evident from the income expectations indicator, which stood at 58.1 points in December. This figure is six points greater than in September and is the highest value since records began in 1995.

Czech propensity to buy rose to 31.6 points in October, which is its greatest level since May 2007 (32 points). However, in December it fell significantly again to 21.5 points. This is 5.7 points less than in September and 0.9 points less than in December 2015.

### **Slovaks anticipate wage increases**

Thanks to the favorable economic conditions in their country, in the fourth quarter of 2016, Slovak consumers continued to predict strong economic growth. The economic expectations indicator stood at 28.2 points in December. While this figure is 0.4 points lower than that recorded in September, it is exactly 5 points greater than the same period in the previous year.

Although Slovakia's unemployment rate is relatively high, standing, for example, at 9.5 percent in the third quarter of 2016, it fell continuously in the past few quarters. This trend is also reflected in the income expectations of Slovakian consumers, with the indicator rising by 2.2 points to 32.2 points between September and December.

Lower unemployment means more jobs and higher income for the population, both of which are important preconditions for a strong willingness to make purchases. Between September and December, the propensity to buy indicator rose by 2.3 points to 15.9 points, which is 11.5 points above the level recorded at the same time in the previous year. This means that a growing number of consumers are of the opinion that the right conditions are currently in place to make larger purchases.

### **Slovenia: Propensity to buy on 10-year high**

While the economic expectations of Slovenian consumers fell by more than 25 points in the first three months of the year from +15.1 to -10.3 points, the indicator stabilized again over the course of the year. The indicator rose by 8.1 points between September and December and was only 0.9 points below the previous year's figure at 14.2 points.

Slovenian GDP doubled from 1.5 to 3.0 percent in the third quarter of 2016 compared to the previous year. The unemployment rate has been steadily declining for three years: in the third quarter of 2016, it fell by 1.2 percentage points (from 9.0 to 7.8 percent) compared to the same period of the previous year. Due to the good economic development, the Slovenians expect their incomes to rise further in the coming months. Consumers' income expectations rose accordingly in the fourth quarter by 2.1 points to 20.0 points. Compared to the same period of the previous year, however, a minus of 6.6 points was recorded.

The assumption that more money will be available in the coming months also has a positive effect on the propensity to buy. In October, the indicator rose to 10.8 points. This was the highest value in ten years (October 2007: 11.3 counts). At the end of the year the indicator dropped to 7.3 points.

Compared to the previous year, however, this means a clear plus of 8.5 points. Also for the first time in ten years, the indicator was in the positive range for ten consecutive months.

### **Income expectations are at their highest level for more than nine years in Bulgaria**

The Bulgarian economy is continuing to grow. For the last year and a half, gross domestic product has been increasing by more than three percent per quarter compared with the same quarter in the previous year. Despite this, it appears that the population remains rather skeptical as to whether this economic growth will continue. Although economic expectations have risen continuously since October 2014, at just 0.9 points, the indicator was barely in the positive range at the end of 2016. In November, however, it reached 1.6 points, its highest level since February 2011.

Income expectations also rose in the fourth quarter of 2016, climbing to 19.7 points by the end of the year, the highest value since 2007 (21.3 points). This is 7 points greater than in September and constitutes an increase of 15.8 points compared with December 2015.

Propensity to buy among Bulgarians also increased in 2016, soaring by a good 9 points during the fourth quarter to 30.2 points in December. This is 23.8 points greater than one year previously and represents the highest value since September 2008 (45.9 points). This can clearly be attributed to the low unemployment rate, which, according to European Commission data, stands at 7.5 percent, its lowest level since the third quarter of 2009 (7.1 percent). More jobs means more secure income for the people, giving them greater confidence when planning large and expensive purchases.

### **Economic expectations are low in Romania despite good financial conditions**

Although the Romanian economy grew considerably in 2016, in the fourth quarter of the year the economic expectations of Romanian consumers fell by 7.6 points compared with the same period in 2015. The indicator stood at 3.0 points in December, which contrasts with the 10.6 points achieved one year previously.

Romanians' income expectations fell only slightly in the fourth quarter of the year, with the indicator dropping by 1.4 points to 19.4 points between September and December. Compared with the same time in the previous year, this nevertheless marks an increase of 4.5 points. The strong overall level is partly due to the unemployment rate. According to the European Commission, this stood at 5.9 percent and was at its lowest level in eight years (fourth quarter of 2008: 5.7 percent).

In March 2016, propensity to buy increased to 3.5 points, re-entering positive territory for the first time since October 2008. The indicator rose contin-

uously until November, when it reached 10.5 points (highest value since August 2008). At the end of the year, however, it slid significantly by 12.5 points to -2 points.

### **About GfK**

The market research company GfK is the trusted source of relevant market and consumer information that helps its clients to make smarter decisions. GfK has many years of experience in the collection and evaluation of data. Around 13,000 experts combine their global knowledge with the analysis of local markets in more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

More information is available at [www.gfk.com](http://www.gfk.com). Follow us on Twitter: [www.twitter.com/GfK](https://www.twitter.com/GfK)

Person responsible according to German Press Law  
GfK SE, Corporate Communications  
Jan Saeger  
Nordwestring 101  
D-90419 Nuremberg  
Tel. +49 911 395 4440  
[public.relations@gfk.com](mailto:public.relations@gfk.com)