



Press release

Positive income prospects stabilize consumer climate in Germany

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Nuremberg, September 23, 2020 – Following a clear downturn in the previous month, the consumer climate in Germany is almost unchanged in September. The individual mood indicators show inconsistent development. Both economic and income expectations are on the rise, while propensity to buy has taken a hit. GfK has forecast a figure of -1.6 points for October 2020, 0.1 points higher than in September of this year (revised -1.7 points). These are the results of the GfK consumer climate study for September 2020.

"Despite rising infection figures and the increasing fear of tighter restrictions caused by the pandemic, the consumer climate has stabilized. The extensive support packages for business and consumers are clearly suitable measures to help Germany emerge from the worst recession since the war," **Rolf Bürkl, GfK consumer expert, explained.** "The further course of the infection rate in Germany and the situation in the labor market will decide whether the previous month's downturn remains a flash in the pan and whether consumer mood is able to recover in the coming months."

Income expectations more optimistic again

Consumer **income expectations** are currently making a significant contribution to the stable development of the consumer climate. Signs are extremely positive here. The indicator gained 3.3 points compared to the previous month, climbing to 16.1 points.

The German Federal Labor Office did not report any rise in unemployment for August due to coronavirus compared with the previous month.

Disregarding the seasonal increase in unemployment due to the summer break, the number of unemployed has actually fallen slightly.

In addition, the number of short-time workers, which rose to over 5 million for a time, recently fell sharply. All this definitely plays a role in the stable development of private households' income expectations.

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Losses in propensity to buy

In contrast to income expectations, the **propensity to buy** stalled after four consecutive rises. The indicator dropped by 5.3 points to 38.4. Despite the losses, propensity to buy can be considered most satisfactory in view of the situation.

Economic expectations rise significantly

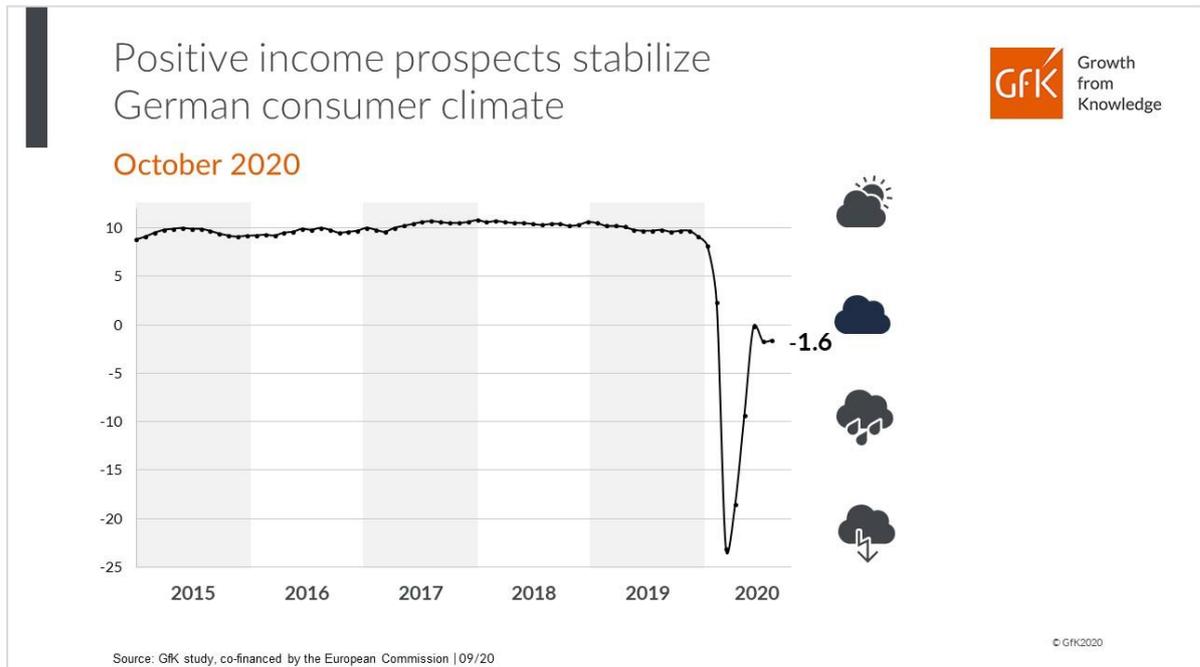
Consumers think that the German economy is clearly on the road to recovery after the sharp decline in spring due to coronavirus. **Economic expectations** rose for the fifth time in a row. The rise is clear this month at 12.4 points. The indicator currently stands at 24.1 points. Compared with September 2019, this is a rise of 33 points and the highest figure in exactly two years. In September 2018, the figure recorded was 24.6 points.

A stable labor market and the falling number of short-time workers support the rising economic optimism. For sustained growth, it is also necessary for exports to recover significantly. This will only be achieved if the main countries that buy German goods and services can recover from their deep recession.

The following table shows changes in certain indicators in September in comparison with the previous month and the previous year:

	September 2020	August 2020	September 2019
Economic expectations	24.1	11.7	-9.0
Income expectations	16.1	12.8	46.8
Propensity to buy	38.4	43.7	55.1
Consumer climate	-1.7	-0.2	9.7

The following graph shows how the Consumer Climate Index has developed over recent years:



Provisional publication dates for 2020:

- Thursday, 10/22/2020, 8:00 a.m.
- Thursday, 11/26/2020, 8:00 a.m.
- Tuesday, 12/22/2020, 8:00 a.m.

About the study

The survey period for the current analysis was from September 2 to September 14, 2020. 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, depending on the definition used, retail trade 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. 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 indicates 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 money required 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.



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