



Press Release

Germany: Consumer sentiment at its highest since August 2020

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Nuremberg, June 25, 2021 – Consumer confidence in Germany increased noticeably in June. Both economic and income expectations increased significantly, along with the propensity to buy showing moderate growth. As a result, GfK is forecasting a value of -0.3 points in consumer sentiment for July 2021, up 6.6 points from June of this year (revised from -6.9 points). These are the findings of the GfK Consumer Climate Study for Germany for June 2021.

What is remarkable this month is that consumers are very confident when it comes to the general development of the German economy. Following the sharp rise in the previous month, economic expectations increased significantly once again. After an increase of 17.3 points, the indicator currently climbs to 58.4 points. This is the highest value in more than ten years. A higher value was last measured in February 2011, at 59 points.

Rolf Bürkl, GfK consumer expert comments on the subject: “We are leaving the lockdown behind more and more. Sharply declining incidence rates, as well as significant progress in vaccination, allow increasingly extensive relaxations or openings. In addition, vacation travel is now possible again. This leads to increased optimism, which is also reflected in improved consumer confidence. As a result, we are forecasting a value of -0.3 points in consumer sentiment for July 2021, the highest value since the summer of last year. A higher value was last measured in August 2020, at -0.2 points.”

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This makes a noticeable recovery in private consumption in the second half of 2021 more likely. The domestic economy would thus once again positively contribute to overall economic development. So far, growth has been supported primarily by the positive export development, especially in the trade of goods with China and the USA.

Income expectations climb to pre-crisis level

Similar to economic expectations, income expectations also increased noticeably in June, with the indicator gaining 14.6 points, climbing to a total of 34.1 points. The last time income sentiment recorded a better level was in February 2020, when it stood at 41.2 points, i.e. before the Corona crisis. This actually represents an increase of almost 27,5 points compared to the same period of the previous year.

Declining incidence rates now also allow opening up outdoor and indoor dining areas. A number of employees will come out of short-time work and thus improve their income situation. This has a stimulating effect on income expectations.

Moderate growth in propensity to buy

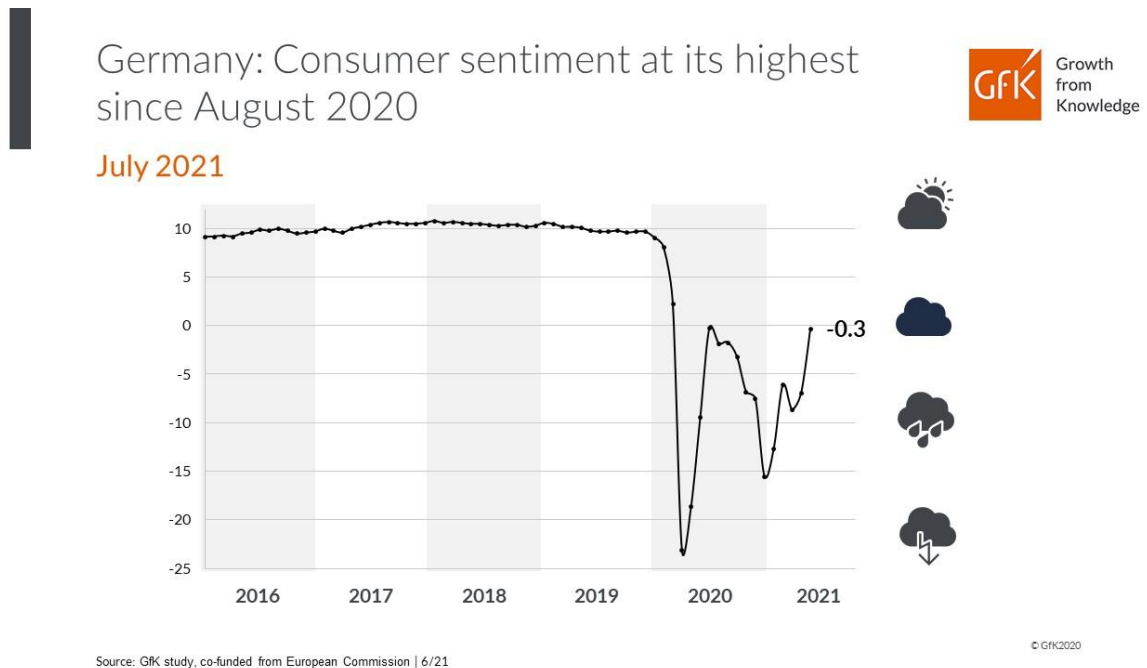
The propensity to buy benefits from the noticeable growth in income expectations, albeit at a much more moderate rate. The indicator gains 3.4 points, climbing to a total of 13.4 points.

Unlike income expectations, consumers are still somewhat cautious when it comes to their propensity to buy. Despite the openings and relaxations, a number of sectors, especially those that are service-related, are still very limited. This applies, for example, to the event sector. In addition, the obligation to wear a mask when shopping continues. This is likely to reduce the enjoyment of the shopping experience in the future as well.

The table below shows the development of the individual indicators in June compared to the previous month and the previous year:

	June 2021	May 2021	June 2020
Economic expectations	58,4	41,1	8,5
Income expectations	34,1	19,5	6,6
Propensity to buy	13,4	10,0	19,4
Consumer sentiment	-6,9	-8,6	-18,6

The diagram below shows the development of the consumer sentiment indicator in recent years:



Planned publication dates Q2/Q3 2021:

- Friday, 6/25/2021, 8:00 a.m.
- Wednesday, 7/28/2021, 8:00 a.m.
- Thursday, 8/26/2021, 8:00 a.m.
- Tuesday, 9/28/2021, 8:00 a.m.

About our methods

The survey period for the current analysis was June 3 to June 14, 2021. 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, accompanied by brief comments. Consumer sentiment refers explicitly to all private consumer spending. Depending on the definition used, however, retail 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 confidence 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 actually only concerns durable consumer goods that also require a larger budget.



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