



Press Release

Consumer sentiment between short-term losses and medium-term recovery prospects

February 23, 2022

Eva Böhm
Public Relations
T +49 911 395 4440
public.relations@gfk.com

Nuremberg, Germany, February 23, 2022 – Consumer confidence in Germany shows a mixed picture in February 2022. While the economic expectations increased somewhat, both income expectations and the propensity to buy suffered losses compared with the previous month. As a result, GfK is forecasting -8.1 points in consumer sentiment for March, down 1.4 points from February of this year (-6.7 points). These are the findings of the GfK Consumer Climate Study for February 2022.

After a brief break, consumer sentiment is thus continuing its downward trend. During February, a decline in the propensity to save prevents a more pronounced drop in consumer confidence.

As recently as the previous month, it looked as if consumer sentiment might recover. However, the sharp rise in infection rates at the time of the survey, combined with high inflation, caused the consumption indicator to slip again somewhat. “Above all, expectations of a significant easing in price trends at the beginning of the year have been shattered for the time being, as inflation rates continue to hover at a high level,” **explains Rolf Bürkl, GfK consumer expert.** “Nevertheless, the outlook for the coming months is quite positive: Only recently it was decided to lift profound pandemic restrictions. This gives cause for hope that consumer spending will also return as a result. If this were to be supported by moderate price inflation, consumer sentiment could finally recover in the long term as well.”

GfK SE
Sophie-Germain-Strasse 3 – 5
90433 Nuremberg
Germany

T +49 911 395 0

Management Board:
Peter Feld (CEO)
Lars Nordmark (CFO)

Chair of the Supervisory Board:
Thomas Ebeling

Commercial Register:
Nuremberg CRB 25014

Slight increase in economic expectations

Consumer sentiment trended upward again for the second time in a row. After an increase of 1.3 points, the indicator has climbed to 24.1. This is an increase of almost 16 points compared to the same period of the previous year.

Consumers apparently expect the German economy to grow more strongly again in 2022 after a weaker first quarter. Rising private consumer spending is also expected to play a significant role. However, it will be particularly important, on the one hand, to continue to defuse supply chain issues and, on the other, to take effective measures to counter the sharp price increases, especially in the energy sector.

Income expectations continue downward trend

After a brief break in the previous month, income expectations have continued their downward trend since fall 2021. The indicator loses 13 points, dropping to 3.9 points. This is the lowest value in over a year, -2.9 points were measured in January 2021.

High inflation is the greatest current threat to income expectations. High prices for energy and food are weakening the purchasing power. As the indicator for income expectations is a key component of consumer sentiment, it is extremely important for a sustained and strong recovery in private in private consumption that upward price pressures ease significantly again. Then the positive effects of the extremely stable employment situation will also prevail and support consumption.

Moderate losses in propensity to buy

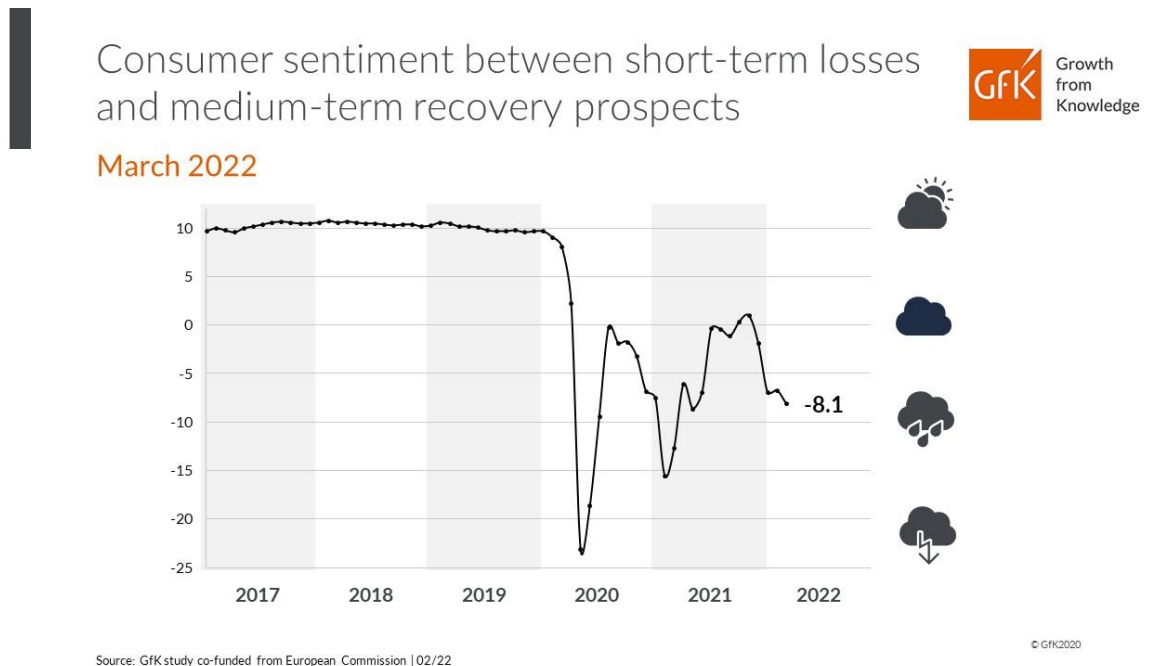
In the wake of lower income expectations, the propensity to buy is also suffering. After a decrease of 3.8 points, the indicator has now dropped to 1.4. This represents a decrease of 6 points compared to the same period of the previous year.

Despite the current decline in propensity to buy, the future expectations for a recovery of consumer sentiment are quite favorable. Above all, the decision to gradually lift pandemic restriction measures will ensure that consumer spending will also recover.

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

	February 2022	January 2022	February 2021
Economic expectations	24,1	22,8	8,0
Income expectations	3,9	16,9	6,5
Propensity to buy	1,4	5,2	7,4
Consumer sentiment	-6,7	-6,9	-15,5

The diagram below shows how the consumer sentiment indicator has developed over recent years:



Planned 2022 publication dates:

- Tuesday, 3/29/2022, 8:00 a.m.
- Wednesday, 4/27/2022, 8:00 a.m.
- Wednesday, 5/25/2022, 8:00 a.m.
- Tuesday, 6/28/2022, 8:00 a.m.



- Wednesday, 7/27/2022, 8:00 a.m.
- Friday, 8/26/2022, 8:00 a.m.
- Wednesday, 9/28/2022, 8:00 a.m.

- Thursday, 10/27/2022, 8:00 a.m.
- Friday, 11/25/2022, 8:00 a.m.
- Wednesday, 12/21/2022, 8:00 a.m.

About our methods

The survey period for the current analysis was February 3 to February 14, 2022. 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 the form of graphics 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, housing costs, healthcare services, and the wellness sector as a whole account for the rest. Again, this does not apply to retail sales, but instead to total consumer spending. Like all other indicators, propensity to buy 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 both money required for such a large purchase and must also see a need to make this purchase. Furthermore, this only concerns durable consumer goods that also require a larger budget.

Media Contact: Eva Böhm, T +49 911 395 4440, public.relations@gfk.com

GfK. Growth from Knowledge.

For over 85 years, we have earned the trust of our clients around the world by supporting them in business-critical decision-making processes around consumers, markets, brands, and media. Our reliable data and insights, together with advanced AI capabilities, have revolutionized access to real-time, actionable recommendations that drive marketing, sales and organizational effectiveness of our clients and partners. That's how we promise and deliver **Growth from Knowledge**.