



Press Release

Consumer sentiment continues to stabilize

November 25, 2022

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Nuremberg, Germany, November 25, 2022 – Consumer sentiment continues to stabilize in November. Both economic and income expectations have increased slightly. The propensity to buy, however, has suffered minimal losses. GfK is forecasting -40.2 points in consumer sentiment for December 2022, up 1.7 points from November of this year (-41.9 points). These are the findings of the GfK Consumer Sentiment Study for November 2022.

The crash in consumer sentiment appears to have come to an end, although the indicator's level remains very low. Additionally, consumer sentiment is currently supported by a drop in the propensity to save by around five points.

“Consumers' long-standing fear of skyrocketing energy prices has currently eased somewhat, which is having a slightly positive impact on consumer sentiment. On the one hand, some energy prices have recently recovered a bit, and on the other hand, consumers apparently assume that the measures adopted to cap energy prices can help curb inflation, even if this may turn out to be rather modest,” **explains Rolf Bürkl, GfK consumer expert.** “Despite the slight improvements, however, the situation remains tense.”

Recently, some energy prices have eased somewhat. In addition, it was decided to provide relief to consumers for December by taking over a partial payment. This results in a slight decline in consumer pessimism, but as long as doubts remain as to uninterrupted energy supplies, inflation will remain high and therefore a tangible and sustainable recovery in consumer sentiment will fail to materialize.

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Income expectations are continuing to cautiously recover

After a record low in September 2022, income expectations increased moderately for the second time in a row. The indicator gained 6.2 points in November, rising to a total of -54.3 points. Compared with the corresponding period of the previous year, the decrease still amounts to more than 67 points.

On one hand, consumer confidence with regard to income is benefiting from the decline in energy prices in recent weeks. On the other hand, consumers are also hoping that actual income losses will not be quite as severe as recently feared. The collective wage increases recently agreed in the metal and electrical industry in the state of Baden-Württemberg, Germany, as well as the one-time special payment of EUR 3,000, apparently strengthen their expectations. In addition, continued reliable employment appears to support the stabilization of income expectations.

Slight decrease in propensity to buy

Following the slight gains in the previous month, the propensity to buy must accept a small setback, falling by 1.1 points to -18.6 points. This represents a decrease of 28,3 points compared to November 2021.

This ongoing reluctance to consume is certainly due to the fact that many households will face sharply higher energy bills in the coming months, for which they already have to put money aside. These funds are therefore not available for other purchases and acquisitions.

Economic outlook slightly improves – remains very low

The economic outlook of consumers in Germany also seem to stabilize. The indicator rises for the second time in a row, gaining 4.3 points in November to a total of -17.9 points. Despite this improvement, the indicator's level remains very low.

Consumers expect that a recession will be unavoidable in the near future, thus agreeing with economic experts, who also expect gross domestic product to shrink by around half a percent next year. Private consumption will also be unable to have positive impact in 2023.

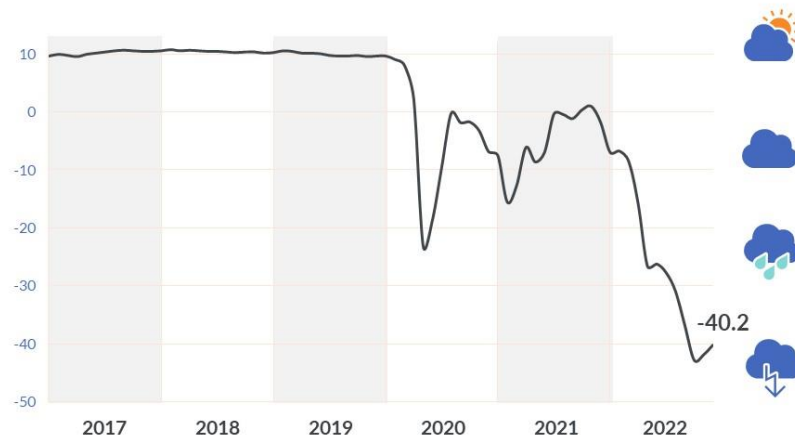
The table below shows the development of the individual indicators in November compared to the previous month and the previous year:

	November 2022	October 2022	November 2021
Economic expectations	-17.9	-22.2	31.0
Income expectations	-54.3	-60.5	12.9
Propensity to buy	-18.6	-17.5	9.7
Consumer sentiment	-41.9	-42.8	1.0

The following chart shows the development of the consumer sentiment indicator over recent years:

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December 2022



11/25/2022

Source: GfK study co-funded from European Commission | 11/22

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Planned 2022 publication dates:

- Wednesday, December 21, 2022, 8 a.m.

Planned 2023 publication dates:

- Tuesday, January 24, 2023, 8 a.m.
- Friday, February 24, 2023, 8 a.m.
- Wednesday, March 29, 2023, 8 a.m.



- Wednesday, April 26, 2023, 8 a.m.
- Thursday, May 25, 2023, 8 a.m.
- Wednesday, June 28, 2023, 8 a.m.

- Thursday, July 27, 2023, 8 a.m.
- Tuesday, August 29, 2023, 8 a.m.
- Wednesday, September 27, 2023, 8 a.m.

- Thursday, October 26, 2023, 8 a.m.
- Tuesday, November 28, 2023, 8 a.m.
- Wednesday, December 20, 2023, 8 a.m.

About our method

The survey period for the current analysis was November 3 to November 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.

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