



Press Release

Hopeful start of the consumer sentiment into 2023

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Nuremberg, Germany, January 24, 2023 – Consumer confidence in Germany is starting 2023 with a little more optimism. Both economic and income expectations continue to recover and increase noticeably. The propensity to buy continues its rollercoaster of the last few months and is currently losing slightly. GfK is forecasting -33.9 points in consumer sentiment for February 2023, up 3.7 points from January of this year (revised from -37.6 points). These are the findings of the GfK Consumer Sentiment Study for January 2023.

Thus, consumer sentiment improves for a fourth time in a row. Less sharply rising prices for energy – in part due to cost-cutting measures by the federal government – are primarily responsible for this positive start.

“With the fourth increase in a row, the positive trend in consumer sentiment is consolidating. Even though the level is still very low, pessimism has eased recently”, **explains GfK consumer expert Rolf Bürkl**. “Falling energy prices, such as for gasoline and heating oil, have ensured that consumer sentiment is less gloomy. Nevertheless, 2023 will remain difficult for the domestic economy. Private consumption will not be able to positively contribute to overall economic development this year. This is also signaled by the still very low level of the indicator.”

Noticeable increase in income expectations

Consumers' income expectations remain on course for recovery. The indicator is increasingly leaving behind its record low of September 2022, gaining 11.2 points in January, thus climbing to -32.2 points. This is the fourth increase in a row. Compared with the corresponding period of the previous year, however, the decrease still amounts to a good 49 points. This means that the level is still very low.

In addition to the more moderate development of energy prices in recent weeks, the German government's relief packages to curb energy costs are also likely to have supported income sentiment. In December, for example,

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the drop of the inflation rate from 10 percent to 8.6 percent was also partly due to corresponding policy measures, such as the absorption of the advance payment for gas. This means consumers are assuming that actual income losses will not be as severe as was feared a few weeks ago.

Propensity to buy remains low

The propensity to buy is currently again losing all of its gains from the previous month, with the indicator dropping 2.4 points to a current value of -18.7. This means that the consistent ups and downs of recent months are continuing at the beginning of 2023. Compared to January 2022, the propensity to buy is currently down by just under 24 points.

It cannot currently benefit from the noticeable recovery of the income sentiment. Uncertainty due to multiple crises, such as the pandemic, the war in Ukraine and inflation, remains very high. A significant portion of this uncertainty apparently stems from the fact that many households expect significantly higher heating bills in the months ahead, which they are already putting money aside for. Of course, this in turn is currently not available for other expenses, such as purchases.

Economic expectations climb to pre-war levels

In addition to income expectations, the economic outlook of consumers is also improving significantly at the start of the year. With the third increase in a row, the economic indicator gains 9.7 points, rising to a total of -0.6 points. This means that economic sentiment has almost returned to its long-term average, which is around zero points. A higher value than the current one was last measured in February 2022, before the start of the war in Ukraine, when it was 24.1 points.

Consumers are apparently increasingly gaining the impression that the recession which many experts expected for the German economy this year will be less severe than feared just a few weeks ago, and may even be avoided altogether.

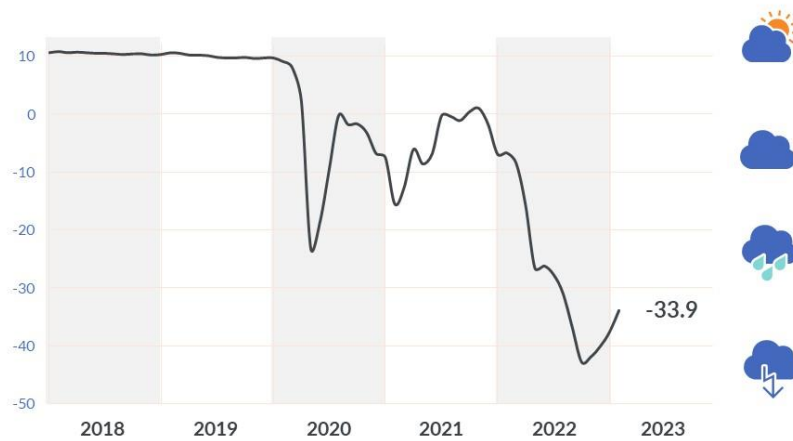
The table below shows the development of the individual indicators in January compared to the previous month and the previous year:

	January 2023	December 2022	January 2022
Economic expectations	-0.6	-10.3	22.8
Income expectations	-32.2	-43.4	16.9
Propensity to buy	-18.7	-16.3	5.2
Consumer sentiment	-37.6	-40.1	-6.9

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

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February 2023



01/24/2023

Source: GfK study co-funded from European Commission | 01/23

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Planned 2023 publication dates:

- 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 January 5 to January 16, 2023. 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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