



# Press Release

## Consumer sentiment picking up speed again

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**Nuremberg, Germany, April 26, 2023 – Consumer confidence in Germany brightens noticeably in April. Both economic and income expectations recovered significantly, while the propensity to buy showed moderate gains. GfK is forecasting -25.7 points in consumer sentiment for May, up 3.6 points from April of this year (revised from -29.3 points). These are the findings of the GfK Consumer Sentiment Study for April 2023.**

The seventh increase in a row indicates that consumer sentiment is gathering momentum. "Following a rather small increase in the previous month, consumer sentiment is showing clear signs of an upswing this month," **explains Rolf Bürkl, GfK consumer expert.** "However, the value still remains below pre-pandemic levels of around three years ago. On another positive note, income expectations have risen for the seventh time in a row, returning to the level prior to the start of the war in Ukraine for the first time."

The renewed increase in consumer income expectations is the main driver for the positive development in consumer sentiment. In April, the indicator rose by 13.6 points to a value of -10.7 points. This is the highest value since February 2022, again before the war in Ukraine started.

More moderate energy prices are the main reason for this positive development. In addition, the government has introduced various programs both for households and companies to compensate for the high energy prices - at least partially. Together with the expected growth in tariff-based income, more and more households are anticipating that the loss in purchasing power originally feared due to inflation will be much lower.

However, private consumption is likely to remain somewhat weak this year and will not make a positive contribution to overall economic development in Germany. This is also signaled by the level of the consumption indicator remaining very low, in spite of the latest gains.

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## Moderate growth in propensity to buy

In the wake of the significant increase in income expectations, the propensity to buy also improved in April for the third time in a row. After a moderate increase of 3.9 points, the value rises to -13.1 points. This is just 2.5 points below the corresponding figure for the previous year.

Despite the recent growth, the level of propensity to buy is currently still lower than during the two pandemic lockdowns in the spring of 2020 and at the end of 2020/beginning of 2021. Many households are still unsettled, mainly because the bills for the past heating period are now due and are expected to be much higher than usual. In contrast, stable employment conditions support the propensity to buy.

## Economic expectations continue their upward trend

After the minor setback in the previous month, economic expectations are continuing their upward trend in April with the indicator gaining 10.6 points, climbing to a total of 14.3 points. Economic sentiment is therefore stabilizing in positive territory, above the long-term indicator average of around zero points. This actually presents an increase of more than 30 points on the same period for the previous year.

According to current forecasts, 2023 will not be an easy year for the German economy. The predicted growth for gross domestic product is hovering around the zero line. In other words, the German economy will stagnate in 2023. The second half of the year is expected to show a marked improvement compared to the first six months.

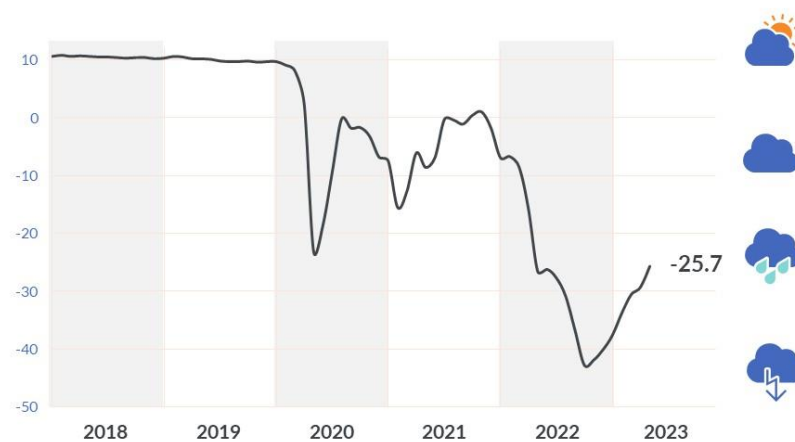
The table below shows the development of the individual indicators in April compared to the previous month and the previous year:

	April 2023	March 2023	April 2022
<b>Economic expectations</b>	14.3	3.7	-16.4
<b>Income expectations</b>	-10.7	-24.3	-31.3
<b>Propensity to buy</b>	-13.1	-17.0	-10.6
<b>Consumer sentiment</b>	-29.3	-30.6	-15.7

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

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May 2023



04/26/2023

Source: GfK study co-funded from European Commission | 04/23

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### Planned 2023 publication dates:

- 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 March 30 to April 11, 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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