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Press release

Consumer Climate: Two-Year High at a Low Level

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Nuremberg, April 25, 2024 - The recovery in consumer sentiment in Germany continued in April. Income expectations grew noticeably, economic expectations and the willingness to buy are increasing moderately. The consumer climate thus improved for the third time in a row. In the forecast for May, the indicator increases to -24.2, which is an improvement of 3.1 points compared to the previous month (revised to -27.3 points), reaching a two-year high – although still at an extremely low level. These are the current findings of the GfK Consumer Climate *powered by NIM*, which has been published jointly by GfK and the Nuremberg Institute for Market Decisions (NIM), the founder of GfK, since October 2023.

The willingness to save is preventing a sharper increase in consumer confidence this month, as consumers tend to save a little more again in April. This is reflected in the slight increase in the willingness to save, which gained 2.5 points and remained at an extremely high level of 14.9 points. Twelve months ago, the savings indicator was still at 1.8 points. This represents an increase of more than 13 points.

“The stronger increase in consumer sentiment compared to the previous two months is mainly due to the noticeable increase in income expectations,” **explains Rolf Bürkl, consumer expert at NIM.** “Our analyses indicate that income expectations are primarily based on real income development. And the signals here are definitely positive. Rising wages and salaries combined with a recent decline in the inflation rate form the foundation for increasing purchasing power among private households.”

In times of multiple crises and a lack of confidence in future economic development, there is still a great deal of uncertainty among consumers, because they do not see a clear and comprehensible perspective for the country's future development. The current poor sentiment veils the facts. As a result, there is still no strong momentum for domestic demand.

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Income expectations increase considerably

or the third time in a row, consumers' income expectations rise in April. Moreover, the increase is substantial at 12.2 points. The indicator climbs to 10.7 points. The last time it reached a higher level was in January 2022, when it stood at 16.9 points.

In total, the income indicator has already improved by more than 30 points since the beginning of the year. Private households are currently experiencing significant real income growth, as both collective wages and salaries and government pensions have increased considerably and will continue to do so in the coming months. On the other hand, the inflation rate is declining, reaching 2.2 percent in March, which brings it considerably closer to the European Central Bank's (ECB) target of around two percent. This is strengthening the purchasing power of households.

The willingness to buy improves moderately

This month, the willingness to buy is benefiting – albeit only moderately – from the sharp increase in consumers' income expectations. After stagnating in the previous month, the willingness to buy gains 2.7 points in April. It currently stands at -12.6 points. However, it continues to be at an extremely low level. In fact, it is even well below the values recorded during the two pandemic-related lockdowns in 2020 and 2021. In addition to rising prices, it is mainly the pronounced uncertainty among consumers that is causing private households to put their financial resources aside and invest less in consumption.

Economic outlook slightly less pessimistic

Economic expectations are also rising in the wake of the general improvement in sentiment: The indicator gains 3.8 points and thus rises to 0.7 points. This is the best value since July 2023, when 3.7 points were recorded. However, compared to the same period last year, a significant decrease of 13.6 is currently evident.

Despite the third slight increase in a row in economic expectations, a sustained economic recovery is still lacking from a consumer's point of view. In its recently published forecast, the International Monetary Fund (IMF) also assumes that Germany's gross domestic product (GDP) will only grow by a modest 0.2 percent this year. It thus essentially agrees with earlier predictions by research institutes and the government. After a weaker first six months, the economy is expected to pick up again in the second half of 2024.

The following **table** shows the values of the individual indicators in April 2024 compared to the previous month and previous year:

The Consumer Climate is calculated based on these three indicators

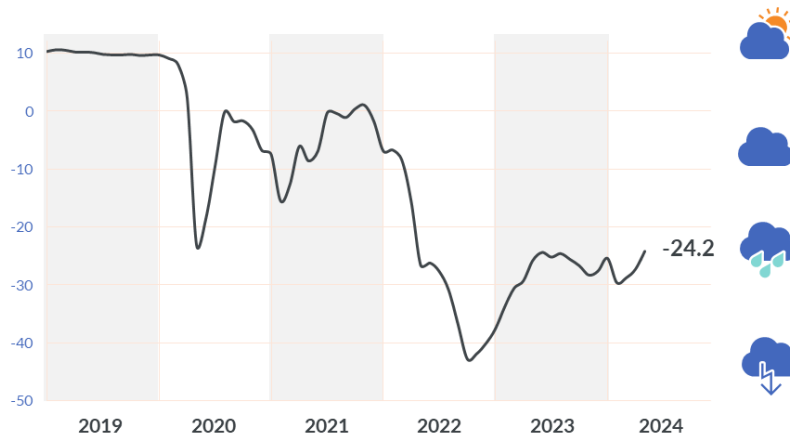
	April 2024	March 2024	April 2023
Economic expectations	0.7	-3.1	14.3
Income expectations	10.7	-1.5	-10.7
Willingness to buy	-12.6	-15.3	-13.1
Willingness to save	14.9	12.4	1.8
Consumer Climate	-27.3	-28.8	-29.3

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 4/24

The following **diagram** shows how the Consumer Climate indicator has developed over recent years:

Consumer Climate climbs to two-year high

May 2024



04/25/2024

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 4/24

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Planned publication dates 2024 (CET):

Wednesday, May 29, 2024, 8 a.m.

Wednesday, June 26, 2024, 8 a.m.

Wednesday, July 24, 2024, 8 a.m.

Wednesday, August 28, 2024, 8 a.m.

Thursday, September 26, 2024, 8 a.m.



Tuesday, October 29, 2024, 8 a.m.

Wednesday, November 27, 2024, 8 a.m.

Thursday, December 19, 2024, 8 a.m.

About our method

The survey period for the current analysis was April 4 to April 15, 2024. The results are extracted from the “GfK Consumer Climate *powered by NIM*” study and are based on around 2,000 consumer interviews per month conducted on behalf of the European Commission. The 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, willingness 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.

GfK Consumer Climate *powered by NIM*

The GfK Consumer Climate survey, which is being conducted regularly since 1974 and monthly since 1980, is regarded as an important indicator of German consumer behavior and a guiding light for Germany’s economic development. Since October 2023, the Consumer Climate data collected by GfK has been analyzed and published jointly with the Nuremberg Institute for Market Decisions (NIM), the founder of GfK. By joining forces, it will be possible to invest further in the analysis and development of the Consumer Climate study to gain an even better understanding of the background to changes in consumer confidence.

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GfK. Growth from Knowledge.

For over 89 years, clients around the world have trusted us to provide data-driven answers to key questions for their decision-making processes. We support their growth through our comprehensive understanding of buying behavior and the dynamics that influence markets, brands, and media trends. In 2023, industry leaders GfK and NIQ have merged to offer their clients unparalleled global reach. With a holistic view of retail and the most comprehensive consumer insights, provided by forward-looking analytics on state-of-the-art platforms, GfK is driving “Growth from Knowledge.”

More information is available at www.gfk.com.

Nuremberg Institute for Market Decisions

The Nuremberg Institute for Market Decisions (NIM) is a non-profit research institute at the interface of academia and practice. NIM examines how consumer decisions change due to new technology, societal trends or the application of behavioral science, and what the resulting micro- and macroeconomic impacts are for the market and for society as a whole. A better understanding of consumer decisions and their impacts helps society, businesses, politics, and consumers make better decisions with regard to “prosperity for all” in the sense of the social-ecological market system.

The Nuremberg Institute for Market Decisions is the founder of GfK.

Further information is available at <https://www.nim.org> and [LinkedIn](#).