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Nuremberg Institute
for Market Decisions

Press release

Climate Continues to Recover

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Nuremberg, May 29, 2024 - The recovery in consumer sentiment in Germany continues in May. Germans' assessment of the economic outlook is clearly improving, their income expectations rise moderately and their willingness to save falls noticeably. However, their willingness to buy is only increasing minimally. Overall, the consumer climate improved for the fourth time in a row. In the June forecast, the indicator increases to -20.9 points, which is an improvement of 3.1 points compared to the previous month (revised to -24.0 points). 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.

In addition to the slight increase in income expectations, it is primarily due to the significant decline in the willingness to save that the consumer climate is continuing to recover. The savings indicator has lost nearly 10 points compared to the previous month and has fallen to 5.0 points – the lowest value since August 2023, when it was 0.5 points.

“Falling inflation rates combined with considerable wage and salary increases strengthen consumer purchasing power. This stimulates income expectations and also reduces consumer uncertainty, which was responsible for the comparatively high willingness to save in previous months,” **explains Rolf Bürkl, consumer expert at NIM.** “Nevertheless, there still seems to be uncertainty among German consumers. This can be attributed to the lack of clear future prospects in the country, which undermines planning certainty when making purchases. People will have to regain this certainty before they are willing to invest their growing purchasing power in larger purchases.”

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Income expectations remain on an upward trend

With a fourth increase in a row, the income expectations remain clearly on the upswing in May of this year. The indicator gains 1.8 points and thus rises to 12.5 points. However, growth has slowed compared to the previous three months. In comparison to the same period last year, the

increase is more than 20 points. Income expectations have not been this high since before the war in Ukraine in January 2022, when they reached 16.9 points.

The reason for the increasing income optimism lies in the combination of considerably rising wages, salaries and public pension benefits as well as falling inflation. According to the Federal Statistical Office, the inflation rate was 2.2 percent in April. This is very close to the European Central Bank's (ECB) target value of around 2 percent. This leads to real income growth for private households and significantly increases their purchasing power.

Willingness to buy at a standstill

In contrast to the previous month, the willingness to buy does not benefit from rising economic and income expectations in May. The indicator remains almost unchanged, gaining only 0.3 points. It now stands at -12.3 points. The willingness to buy index has been stuck in a low -20 to -10 point range for more than two years and shows no signs of recovering.

Persistently high energy and food prices as well as the ongoing uncertainty and lack of planning certainty are the reason why households are hardly investing in major purchases. They are more likely to put their financial resources aside - e.g. as reserves for emergencies. This reluctance to buy among consumers is also reflected in the official statistics. According to preliminary estimates by the Federal Statistical Office, private consumer spending in Germany likely declined in the first quarter of this year.

Hope for economic recovery grows

People's hopes of a recovery in the German economy over the course of this year are rising: The economic expectations indicator rises for the fourth month in a row in May. The increase this month is significant with a plus of 9.1 points, bringing the economic sentiment indicator to 9.8 points.

And it is not just consumers who are increasingly predicting a slight recovery in the German economy in the second half of 2024. Economic experts also believe that a recovery is possible, even if growth is likely to be weak. The first results for 2024 tend to be positive: According to the Federal Statistical Office, the German economy probably grew a slight 0.2 percent in the first three months of this year.

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

The Consumer Climate is calculated based on these three indicators

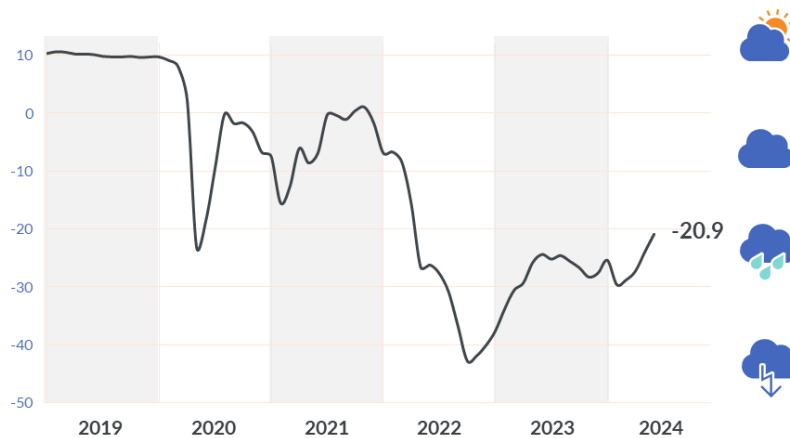
	May 2024	April 2024	May 2023
Economic expectations	9.8	0.7	12.3
Income expectations	12.5	10.7	-8.2
Willingness to buy	-12.3	-12.6	-16.1
Willingness to save	5.0	14.9	-3.2
Consumer Climate	-24.0	-27.3	-25.8

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 5/24

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

Consumer climate remains on course for recovery

June 2024



05/29/2024

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 5/24

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Planned publication dates 2024 (CET):

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

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

Tuesday, August 27, 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 May 2 to May 13, 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](#).