

PRESS RELEASE

July 24, 2024

Consumer Climate on The Upswing – Just a Brief Flare-Up?

Nuremberg, July 24, 2024 - Consumer sentiment in Germany improved noticeably in July. Income expectations increased significantly and both economic expectations and the willingness to buy rose moderately. The willingness to save on the other hand, is virtually unchanged. Due to these developments, the Consumer Climate is currently able to recover significantly: In the forecast for August, the indicator rises by 3.2 points compared to the previous month (revised -21.6 points) to -18.4 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.

This month's Consumer Climate index is benefiting above all from a significant rise in income expectations and a moderate increase in the willingness to buy. The willingness to save, on the other hand, remains unchanged and is not contributing to the rise of the Consumer Climate.

"The upswing of the Consumer Climate in July is primarily due to Germans' increased income expectations. However, the euphoria triggered by the European Football Championship in Germany in many parts of the population is also likely to play a role here." explains Rolf Buerkl, consumer expert at NIM. "However, it remains to be seen whether this effect is sustainable or just a short-term flare-up. As quickly as this good mood has occurred, it can also disappear again. If the latter is the case, the road out of the low consumption will be long and demanding. For a sustained improvement in consumer sentiment, it is necessary - in addition to the current real income growth - for consumers to regain the planning security that is essential, in particular for major household purchases."

Income expectations climb to the highest level since October 2021

After a small setback in the previous month, Germans are once again much more optimistic about their income expectations for the next 12 months: The indicator gained a whole 11.5 points, climbing to 19.7 points. This is the highest value since October 2021, when 23.3 points were measured. Compared to the same period last year, the increase is almost 25 points.

The slight fall in the inflation rate in Germany in June to 2.2 percent (after 2.4 percent in May) in conjunction with noticeable wage and salary increases as well as significant pension increases ensure that income optimism is on the rise again. Most of German households are currently experiencing real income growth.

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Moderate increase in willingness to buy

Together with the significantly improved income expectations, the willingness to buy also increased in July. The indicator gained 4.6 points and currently stands at -8.4 points. The last time a better value was measured was more than two years ago, in March 2022, at -2.1 points. It can also be assumed that the euphoria surrounding the European Football Championship had a positive effect on the Germans' willingness to buy.

Despite the increase, the willingness to buy is still below the level of the two lockdowns during the pandemic in spring 2020 and late 2020/early 2021.

Economic recovery only making slow progress

According to German citizens, the German economy will struggle to recover in the coming 12 months. Although the *economic expectations* indicator has risen by 7.3 points, it can only make up for the losses from the previous month: The indicator currently stand at 9.8 points. This corresponds exactly to the value from May 2024.

According to experts, the economic recovery will accelerate in the coming year. For 2024 only weak growth in gross domestic product (GDP) is expected.

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

The Consumer Climate is calculated from these 3 indicators

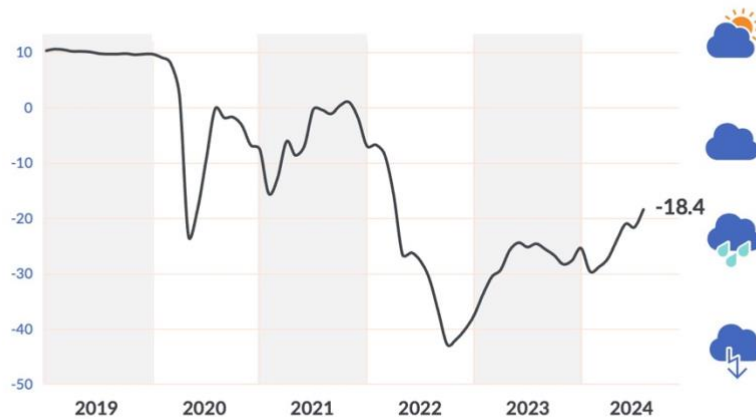
| | July 2024 | June 2024 | July 2023 |
|------------------------------|--------------|--------------|--------------|
| Economic expectations | 9.8 | 2.5 | 3.7 |
| Income expectations | 19.7 | 8.2 | -5.1 |
| Willingness to buy | -8.4 | -13.0 | -14.3 |
| Willingness to save | 8.0 | 8.2 | 2.3 |
| Consumer Climate | -21.6 | -21.0 | -25.2 |

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 7/24

The following **diagram** shows the development of the Consumer Climate indicator over the last few years:

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Forecast for August 2024



07/24/2024

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Planned publication dates 2024 (CET):

Tuesday, August 27, 2024, 8 a.m. -> **Note: the publication date is now 1 day earlier (before: 28th August)**

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 the method

The survey period for the current analysis was July 4 to July 16, 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/en> and [LinkedIn](#).