

## Press Release

The next GfK Consumer Climate report will be published on June 26, 2012

### Consumer climate stable at the start of summer

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#### Findings of the GfK Consumer Climate study for Germany for May 2012

**Nuremberg, May 25, 2012 – The mood among consumers in Germany was very stable in May. Consumers are considerably more optimistic than in the previous month and willingness to buy also increased slightly. Income expectations, however, dropped marginally. Following a revised value of 5.7 points in May, the overall indicator is also forecasting 5.7 points for June.**

Despite recessionary trends in Europe and rising uncertainty as a consequence of the debt crisis, Germans feel that the national economy is continuing its upswing. General elections in France and Greece have so far not had a negative impact. This is proven by the marked rise in economic expectations this month. As a result, willingness to buy also increased moderately, especially as the concern about inflation has currently also reduced somewhat. Income expectations did not benefit from this and the outlook with regard to financial developments of private households in future has deteriorated marginally.

#### Economic expectations: upswing gathers pace

The economic outlook in Germany is continuing to brighten. The indicator improved by more than 11 points in May to 19.6 points, which is the third sizeable consecutive increase.

This proves that consumers consider the German economy to be on a clear growth path in early summer. In the eyes of consumers the economy has therefore completely recovered from the small slump in the last quarter of 2011. Despite the general trend towards recession in Europe, especially in the eurozone, Germans regard their economy as being on the up. Preliminary figures from the Federal Office of Statistics for the gross national product in the first quarter of the year verify this development. These show an unexpectedly strong increase in economic performance of 0.5% on the previous quarter. In addition to exports, increased private consumption was also a contributing factor to this improvement.

Consumers have seemingly not been affected by the recent mounting turbulence in the eurozone. Although the general elections in France and Greece caused further anxiety on the financial markets in particular, they do not appear to have dampened the economic mood, as confirmed by a separate evaluation of Consumer Climate interviews which were conducted before and after May 6, 2012. In contrast, the attitude of German business is nota-

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bly less positive this month, as demonstrated by the decline in the ifo business climate index.

### **Income expectations: moderate decline but remain at high level**

Income expectations did not benefit from the rising economic optimism in May. Following a moderate decline in the previous month, this indicator once again dropped slightly by one point in May 2012. At present, the indicator stands at 32 points and is therefore still at a very good level.

Despite the slight decline, consumers nonetheless anticipate that their income will rise more notably this year than in the past. Both the salary negotiations in the public sector that have been concluded and the pilot agreement for the metal and electrical industry in Baden-Württemberg point towards this development.

Inflation is and will remain a major factor causing uncertainty for purchasing power. At present, concern about inflation has diminished somewhat. However, recent debate may once again unsettle consumers as there is a real threat that inflation may at times lie well above the 2% mark in Germany too.

### **Willingness to buy: slight improvement**

Even international turbulence is not having a negative impact on the shopping mood of German consumers. The indicator for willingness to buy to some extent recovered from its strong drop in the previous month, rising 4.4 points to a present level of 32 points. It is therefore almost matching the value in the same period of the prior year.

Alongside the pleasing economic mood, which has reduced concerns of unemployment, the slight reduction in inflation expectations is responsible for the positive development in the consumer mood. The steady rise in employment in Germany, in particular, is improving the planning security of consumers, which is a key factor for major purchases.

In addition, the ongoing uncertainty on the financial markets in combination with historically low interest rates means that consumers are more likely to make high value purchases rather than putting their money in the bank.

### **Consumer climate: stable development**

Following a revised value of 5.7 points in May, the overall indicator is also forecasting 5.7 points for June. The consumer climate is therefore stable once again and is in a strong position for the onset of summer.

Consumer spending is fulfilling its intended function as a fundamental base for economic growth in Germany this year. This is confirmed by the preliminary figures for the gross national product in the first quarter of 2012. In addition to growth in exports, rising private consumption has contributed towards this exceptionally pleasing result. At 0.5%, the rise in GDP on the last quarter of 2011 is much higher than anticipated.

A strong labor market continues to be an essential requirement for domestic demand to sustain its upward development. In this area, all the signs are positive and employment levels are set to rise further this year. According to figures released by the Federal Office of Statistics in the middle of this month, the labor force increased by 1.5% year-on-year in the first three months of 2012. This is the strongest growth since the first quarter of 2008.

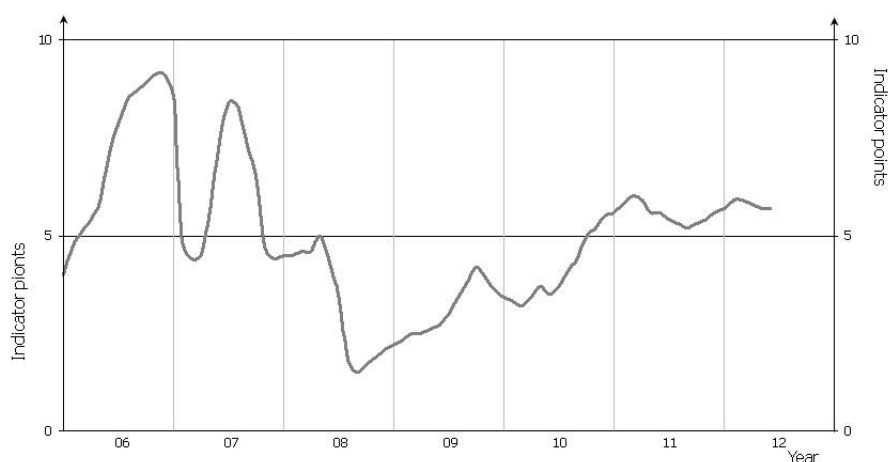
Conversely, the uncertain international situation at present as a result of the debt crisis carries considerable risk potential for the German domestic economy. If events in Greece and other eurozone countries intensify or even escalate further, the favorable buying mood could very quickly be brought to a standstill

The following table shows the development of the individual indicators in May in comparison with the previous month and previous year:

	<b>May 2012</b>	<b>April 2012</b>	<b>May 2011</b>
<b>Economic expectations</b>	19.6	8.5	46.1
<b>Income expectations</b>	32.0	33.0	25.9
<b>Willingness to buy</b>	32.0	27.6	31.5
<b>Consumer climate</b>	5.7	5.8	5.6

The following chart shows the development of the consumer climate over the past few years:

### GfK Consumer Climate indicator (as at May 2012)



### The survey

These findings are extracts from the “GfK Consumer Climate MAXX survey”, which is based on around 2,000 consumer interviews conducted each month on behalf of the EU Commission. The report contains charts, forecasts and a detailed commentary regarding the indicators. In addition, the report includes information on proposed consumer spending in 20 different areas of the consumer goods and services markets. The GfK Consumer Climate survey has been conducted since 1980.

Publication dates for 2012:

Tuesday, June 26, 2012	Thursday, July 26, 2012
Tuesday, August 28, 2012	Tuesday, September 25, 2012
Friday, October 26, 2012	Monday, November 26, 2012, 1 pm
Friday, December 21, 2012	

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You can find information on the development of the indicators in the first quarter of 2012 in twelve select European countries in **GfK Consumer Climate Europe** at

[http://www.gfk.com/consumer\\_climate\\_europe/index.de.html](http://www.gfk.com/consumer_climate_europe/index.de.html)

The table below provides an overview of the individual indicators:

Economic expectations	This index is based on the following question to consumers: "How do you think the general economic situation will develop in the next 12 months?" (improve – stagnate – deteriorate)
Income expectations	This index is based on the following question to consumers: "How do you think the financial situation of your household will develop in the next 12 months?" (improve – stagnate – deteriorate)
Consumption and buying willingness	This index is based on the following question to consumers: "Do you think it is advisable to make major purchases at the moment?" (good time – neither good nor bad time – bad time)
Consumer climate	This index is used to describe private consumption. Key factors are income expectations, buying willingness and savings trends. The economic outlook has a more indirect effect on the consumer climate, generally as a result of income expectations.

### About GfK

GfK is one of the world's largest research companies, with more than 11,000 experts working to discover new insights into the way people live, think and shop, in over 100 markets, every day. GfK is constantly innovating and using the latest technologies and the smartest methodologies to give its clients the clearest understanding of the most important people in the world: their customers. In 2011, GfK's sales amounted to EUR 1.37 billion.

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