

## Press release

### **GfK Consumer Climate Europe: Uncertainty impacts consumer sentiment**

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#### **GfK Consumer Climate Europe results for the third quarter of 2016**

**Nuremberg, October 14, 2016 – The top transnational issue in the third quarter, especially at the beginning, was the British people's decision to leave the EU. It was otherwise mainly country-specific themes that dominated discussions in the individual European countries. The economic and income expectations and propensity to buy indicators have not developed uniformly across Europe. Overall, the consumer climate for the EU28 fell from 13.1 points to 12.3 points from June to September 2016.**

The beginning of the third quarter was marked by the UK's decision to leave the EU at the end of June. In almost all European countries and, of course, particularly in the UK, consumer confidence and above all economic expectations fell, dramatically so in some cases. The consumer climate EU28 fell from 13.1 points in June to 10.0 points in July. By September, it had recovered to 12.3 points. Already in August, however, discussions about Brexit had become significantly more subdued across Europe. Other country-specific themes in particular prevailed. It will only be possible to forecast with certainty the implications of Brexit on the mood of European consumers once the actual negotiations have begun and the UK's exit draws closer.

In economic terms, Europe is developing positively. Almost all countries are reporting economic growth, in some cases at very impressive rates. This is also reflected by the unemployment figures. In most countries, employment is rising and unemployment rates are falling. However, these positive aspects are not leading to a fundamental increase in economic and income expectations among consumers. Propensity to buy, too, has not always been consistent with the general economic development of each country. Other country-specific issues also currently appear to be at play, as well as general psychological factors and fundamental uncertainties, such as the ongoing war in Syria, terrorist attacks in France and Germany, the rise of right-wing populist parties in elections and polls and the upcoming US presidential election.

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### **United Kingdom: Economic expectations recover after Brexit crash**

Following the Brexit referendum by the British in June, economic expectations initially fell: from -5.9 points in June to -28.3 in July. That was the lowest indicator value since October 2012. By September it had recovered, however, and currently stands at -1.8 points. This more than compensated for the Brexit losses.

The picture was similar for income expectations. In July, the indicator initially fell by 21.4 points to -2.2 points. The indicator has stabilized since then. In September, it stood at 13.7 points. This means that, despite the decision to withdraw from the EU, the British are expecting a moderate increase in their income and a slight decline in unemployment over the coming months.

Unlike the other two indicators, the propensity to buy value did not fluctuate as significantly during the third quarter. While the indicator also suffered significant losses from June to July, by September it stood at almost the same value (6.7 points) as it did in June (6.0 points). The impact of the Brexit negotiations between the United Kingdom and the EU on the consumer climate and the individual indicators will only become clear next year.

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