



Press Release

The next report on the GfK consumer climate will appear on September 28, 2010

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Consumer climate slightly on the upswing

Results of the GfK consumer climate study for August 2010

Nuremberg, August 26, 2010 – The extremely good news on the economic development and continued positive reports on the labor market have led to robust consumer sentiment in August. Expectations for the overall economy and personal income have again increased significantly. Propensity to buy, in contrast, is stabilizing. The overall indicator forecasts 4.1 points for September following a revised 4.0 points in August.

Consumer sentiment in August is strongly influenced by the substantial rise in German gross domestic product in the second quarter of this year. Falling unemployment and the decrease in the use of reduced working hours have probably also contributed to a positive trend in the consumer mood. On the other hand, factors of uncertainty for consumers include possible austerity measures by the government and the expiration of stimulus programs.

Expectations for the overall economy: Continued increase

Expectations for the overall economy did not develop as dynamically in August as they had done in July. However, the indicator still shows a further significant increase of 9.8 points to 46.6 points. This represents the highest value since August 2007 and a 54.1 point rise as compared to August 2009.

In the second quarter of 2010, the German economy saw its strongest growth since 1987. Following this, in August experts anticipate that the economy in Germany will continue to recover. Deutsche Bundesbank recently raised its forecast for GDP growth for the year as a whole to 3.0%. Consumers clearly do not believe the recovery of the German economy to be a flash in the pan, but rather expect it to continue. Companies share the consumers' optimism. In August, the ifo Business Climate Index index again rose.

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Expectations for personal income: Significant rise

The strong recovery in July was followed in August by a further increase in expectations for income. After 29.1 points in July, the indicator rose to 36.0 points in August. This represents growth of 27.2 points as against July 2009.

Current expectations for income are probably benefiting considerably from growth optimism among the population. In addition to the prevailing positive mood, a moderate inflation rate and the continuing improvement on the labor market are also leading consumers to hope for increasing income.

Propensity to buy: Stable at high level

Following a slight decrease in the previous month, propensity to buy remains stable at 27.9 points in August. The indicator was 3.2 points higher at the same point last year, but propensity to buy is still considerably higher than the long-time average of 0 points.

After the special business cycle of the football World Cup is now definitively over, the stable high level of propensity to buy seems to be a good sign of sustained positive consumer sentiment. There have been no significant measurable decreases in this indicator so far. However, the uncertainties mentioned above with regard to planned austerity measures and the expiration of stimulus programs are evidently preventing a more substantial upward trend.

Consumer climate: Slight improvement

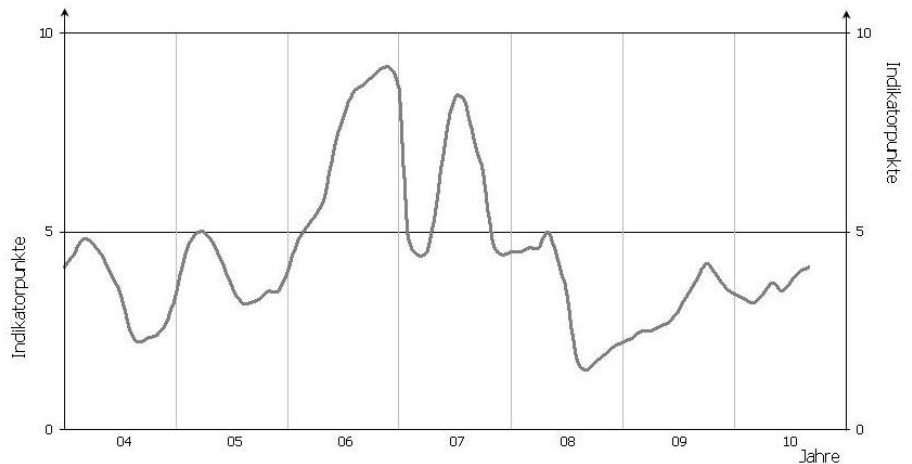
The overall indicator forecasts 4.1 points for September 2010 following a revised 4.0 points in August. There are currently good indications that consumer sentiment in Germany is experiencing a sustained upward trend. As far as can be seen at present, the background conditions for this - such as strong economic development, moderate price development and a robust labor market - are in place. Provided the environment remains this positive, private consumption can be expected to contribute its part in the strong recovery of the German economy this year.

The table below shows the development of the individual indicators in July as compared to the previous month and the previous year:

	August 2010	July 2010	August 2009
Expectations for overall economy	46.6	36.8	-7.5
Expectations for personal income	36.0	29.1	8.8
Propensity to buy	27.9	27.9	31.1
Consumer climate	4.0	3.7	3.4

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

GfK consumer climate indicator (as of: August 2010)



The survey

The results are an excerpt from the "GfK Consumer Climate MAXX" survey, based on approximately 2,000 consumer interviews per month which are carried out on behalf of the EU Commission. In this report, the indicators are presented graphically, forecast and commented on in detail. It also includes information on the consumers' spending plans in 20 areas of the durable consumer goods, consumer goods and services markets. The GfK consumer climate survey has been conducted since 1980.

The next publication date is September 28, 2010.

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The table below gives an overview of the individual indicators:

Expectations for overall economy	This indicator is based on the following question to consumers: "How do you think the general economic situation will develop over the next twelve months?" (improve – stay the same – worsen)
Expectations for personal income	This indicator is based on the following question to consumers: "In your opinion, how will the financial situation of your household develop over the next twelve months?" (improve – stay the same – worsen)
Propensity to buy	This indicator is based on the following question to consumers: "Do you think that it is advisable to make major purchases at present?" (It's a good time to do so – Neither a good nor a bad time – Bad time)
Consumer climate	This indicator is intended to show the development of private consumption. The main factors influencing it are expectations for personal income, propensity to buy and propensity to save. Expectations for the overall economy have more of an indirect effect on the consumer climate by influencing expectations for personal income.

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