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## High energy prices still weigh on German consumer confidence

An only slight improvement in consumer confidence highlights that high energy prices continue to weigh on confidence and spending.



Private consumption is still some 2% below its pre-crisis level. Despite a strong labour market, the decline in real wages in 2021 has weighed on private consumption. Judging from today's latest consumer confidence data, any rebound in private consumption will still take some time. The GfK consumer confidence indicator improved somewhat, to -6.7 in February from -6.9 in January. The improvement comes on the back of slightly better income expectations. Willingness to buy also increased marginally but remains at one of its lowest levels since the start of the pandemic.

Today's data shows that high energy prices continue to weigh on consumer confidence. Consequently, even a lifting of the social restrictions over the coming weeks will not immediately lead to any sharp pick-up in private consumption.

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