

News Release
1 May 2018

Consumer confidence rebounds at the beginning of 2018

Consumer confidence in Northern Ireland bounced back strongly at the start of the year, according to analysis published today by Danske Bank.

The Danske Bank Northern Ireland Consumer Confidence Index registered a reading of 142 in the first quarter of 2018. This represented a significant increase compared with the final quarter of 2017 when the index stood at 123. It was also slightly higher than the 141 posted in the same period last year.

Commenting on the latest figures, Danske Bank Chief Economist Conor Lambe said that consumer confidence rebounded in the first quarter of 2018 following a disappointing end to last year.

“Compared with the last quarter of 2017, consumers started this year feeling more confident about their current financial position, how they expect their financial position to change, their job security and the amount they expect to spend on big ticket items”, he said.

Mr Lambe continued: *“Eighteen per cent of consumers highlighted low interest rates as the factor that had the biggest positive impact on their confidence levels, while 10 per cent signalled that rising house prices made them feel more confident. However, despite the sharp rise in our consumer confidence index, almost 40 per cent of people weren’t sure which individual factor had the biggest positive impact on them.*

“As has been the case for a number of quarters now, more than 30 per cent of consumers we surveyed continued to identify political uncertainty and the lack of an Executive as the factor that had the largest negative impact on their confidence levels.”

Current financial position compared with last year

The sub-index based on how consumers feel about their current financial position compared with a year ago registered a reading of 144 in Q1 2018, up significantly from 124 in Q4 2017 but lower than the 147 recorded in the first quarter of 2017.

The latest data showed that men felt more confident than women with regards to their current financial position. 22 per cent of men felt better off than they did a year ago, compared with 16 per cent of women. While 22 per cent of women felt worse off than 12 months ago, compared with 19 per cent of men.

Expectations for finances over the next twelve months

The component of the index that examines households’ expectations of how their financial position will change over the next twelve months increased over the quarter and over the year.

Mr Lambe said: *“The latest data shows that inflation in the UK fell from 3 per cent in December 2017 to 2.5 per cent in March 2018. This lower rate of inflation is good news for consumers as it likely signifies the early stages of the household spending squeeze easing.*

“However, a word of warning still needs to be sounded. Households are likely to continue to face some pressure as any returns to positive real wage growth are expected to be modest. While consumer spending growth rates in Northern Ireland are expected to rise slightly, they are forecast to remain below 1 per cent in 2018 and 2019.”

Expectations around job security

The part of the index based on job security posted an increase in the first quarter of 2018.

Full-time workers felt more optimistic about their job security than part-time workers. 21 per cent of full-time workers expected to become more secure in their job over the next year compared with 17 per cent of part-time workers. Only 6 per cent of full-time workers thought their job security would deteriorate, but the proportion among part-time workers was 11 per cent.

While the majority of respondents didn't expect their job security to change, some differences in the size of the majority existed at a regional level. 75 per cent of respondents in South region, and 76 per cent of people in West region expected their job security to remain the same. In Belfast City and North region, the proportion was lower at 64 per cent and 66 per cent respectively.

Expectations around spending on high value items

The sub-index on the amount consumers expect to spend on high value items, such as furniture and holidays, over the next twelve months registered a reading of 148 in the first quarter of 2018. This was higher than the 130 in Q4 2017 and the 146 in Q1 2017.

24 per cent of consumers expected to spend more on high value items over the next year and 19 per cent of respondents expected to spend less.

Saving expectations

The part of the index focused on savings expectations increased sharply over the quarter but fell compared with the same quarter a year ago.

12 per cent of consumers surveyed expected to save more over the next twelve months than they did last year, but 21 per cent of people expected to save less.

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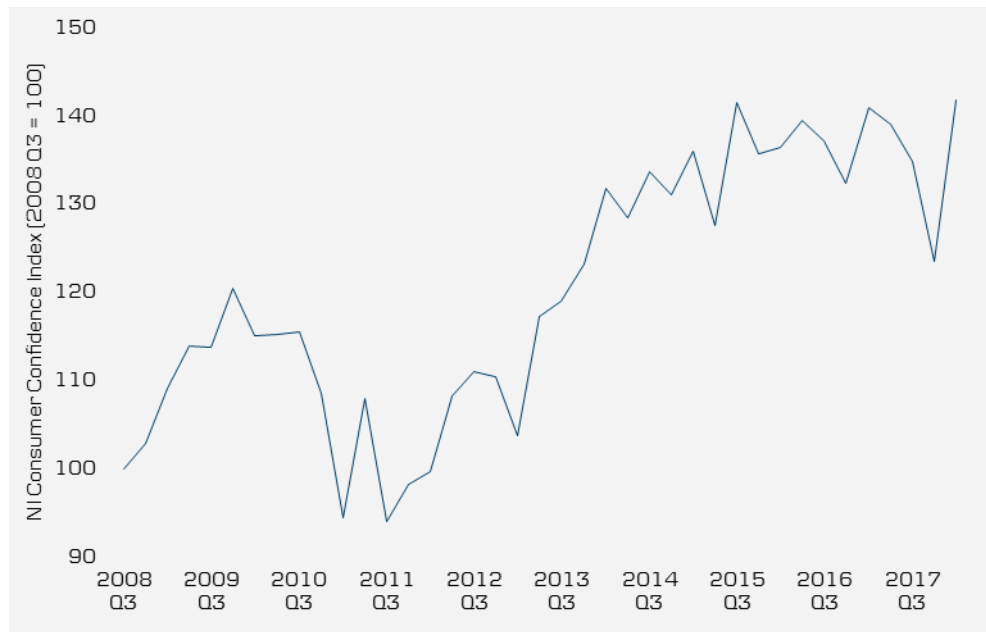
Danske Bank Northern Ireland Consumer Confidence Index 2018 Q1: Sub-index readings

	2018 Q1	2017 Q4	2017 Q1
Consumer confidence index	142	123	141
Current financial position compared with last year	144	124	147
Expectations for finances over the next 12 months	167	140	163
Expectations around job security	108	101	106
Expectations around spending on high value items	148	130	146
Savings expectations	152	130	153

Source: Danske Bank analysis

Note: All index values are relative to a reading of 100 in 2008 Q3

Danske Bank NI Consumer Confidence Index 2018 Q1



Source: Danske Bank analysis

Notes to Editors:

- The survey was carried out by Millward Brown in March 2018 with 1,026 people.
- All numbers in this release are rounded to the nearest whole number.
- The 'Danske Bank Northern Ireland Consumer Confidence Index' consists of four sub-indices based on consumers' opinions of how their current financial position compares to 12 months ago; expectations of how their household financial position will change over the next 12 months; job security over the next 12 months; and expectations of the amount that consumers will spend on high value items (e.g. furniture, holidays etc.) over the next 12 months.
- The survey also gathers information on household savings.
- The regions in the survey are defined as follows:
 - Belfast City - including most of Castlereagh and Newtownabbey.
 - North - Carrickfergus, Antrim, part of Newtownabbey, Ballymena, Larne, Ballymoney and Moyle.
 - South - Lisburn, North Down, Ards, Down, Newry and Mourne, Banbridge, Craigavon and Armagh.
 - West - Coleraine, L/Derry, Limavady, Magherafelt, Cookstown, Dungannon, Omagh, Fermanagh and Strabane.