

News Release
31 July 2018

Sharp fall in Northern Ireland consumer confidence

Consumer confidence in Northern Ireland fell sharply in the second quarter of 2018, according to analysis published today by Danske Bank.

The Danske Bank Northern Ireland Consumer Confidence Index fell back to 131, down from 142 in the first quarter of the year and 139 a year ago.

Commenting on the latest figures, Danske Bank Chief Economist Conor Lambe said:

“This fall in consumer confidence reverses some of the pickup in confidence levels that we saw at the beginning of 2018. The latest index value of 131 is above the four-year low observed at the end of last year, but represents a sharp fall from the first quarter of this year.

“Consumers continued to highlight the local political impasse and high inflation as factors having a negative impact on their confidence levels.

“Falls were recorded over the quarter and over the year in all four parts of our index, covering how consumers feel about their current finances, future finances, job security and future spending.

“Despite the fall in confidence, our survey did reveal some good news. Eighteen per cent of respondents identified rising wages as the factor having the largest positive impact on confidence, suggesting that the relatively strong performance of the local labour market is putting upward pressure on wage growth.”

Current financial position compared with last year

Seventeen per cent of respondents felt that their financial position had improved over the past twelve months, but 24 per cent felt it had deteriorated.

Among full-time workers, part-time workers and students, the proportion of people that felt better off than last year was higher than the proportion that felt worse off. However, across the unemployed, retirees and people looking after the home, a larger percentage of people felt worse off than felt better off.

Expectations for finances over the next twelve months

There was a fall in the part of the index focused on consumers' expectations of how their financial position will change over the next twelve months.

Mr Lambe said: *“Despite expectations that inflation should gradually fall towards the Bank of England’s 2 per cent target, and that wage growth will be higher given the strength of the labour market, consumers are still downbeat about their future finances. It’s clear that factors such as Brexit and the*

lack of an Executive are not only negatively affecting the wider economy, they are also negatively influencing consumers' expectations about their individual financial positions."

Expectations around job security

Young people felt more confident about their job security than older people. For 16-24 year-olds, the percentage of people that felt that their job security would improve was higher than the proportion that felt it would deteriorate.

For people aged 25-34, the percentage that expected to become more secure in their job was the same as the percentage that expected their job to become less secure.

But for those aged over 35, the proportion of people that expected their job security to deteriorate was higher than the proportion that expected it to strengthen.

Expectations around spending on high value items

The component of the index that examines the amount consumers expect to spend on high value items over the next twelve months fell back to 135, down from 148 in quarter one and 146 in the same period last year.

21 per cent of consumers expected to spend more on expensive items, such as furniture and holidays over the next year, but 25 per cent expected to spend less.

Sentiment around expected future spending was similar for both men and women. Among men, 20 per cent of respondents expected to spend more on high value items while 24 per cent expected to spend less. For women, the numbers were 21 per cent and 26 per cent respectively.

Saving expectations

Consumers' savings expectations fell over the quarter and over the year.

9 per cent of people expected to save more this year than they did last year, but 26 per cent thought they wouldn't be able to save as much over the year ahead.

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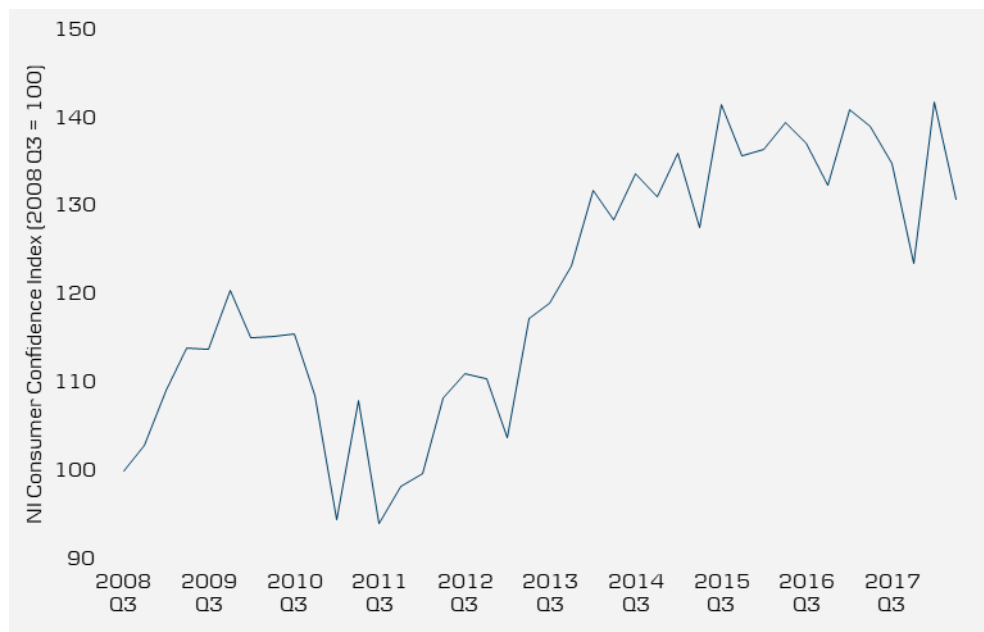
Danske Bank Northern Ireland Consumer Confidence Index 2018 Q2: Sub-index readings

	2018 Q2	2018 Q1	2017 Q2
Consumer confidence index	131	142	139
Current financial position compared with last year	137	144	144
Expectations for finances over the next 12 months	151	167	157
Expectations around job security	100	108	108
Expectations around spending on high value items	135	148	146
Savings expectations	138	152	147

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 Q2



Source: Danske Bank analysis

Notes to Editors:

- The survey was carried out by Millward Brown in June 2018 with 1,000 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.