

News Release
31 October 2018

Consumer confidence in Northern Ireland falls again

Consumer confidence in Northern Ireland fell again in the third quarter of 2018, weighed down by concerns over the absence of a functioning Executive, Brexit and high inflation, according to analysis published today by Danske Bank.

The Danske Bank Northern Ireland Consumer Confidence Index fell to a reading of **123**, down from **131** in the last quarter and **135** a year ago.

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

“This fall in consumer confidence marked the second consecutive quarterly decline in our index and resulted in confidence levels hitting their lowest point in 2018 so far. Falls were observed both over the quarter and over the year in the parts of the index that examine how people feel about their current finances, future finances, job security and future spending.

“Just under a third of people highlighted the local political impasse and the lack of a functioning Executive as the factor that had the largest negative impact on their confidence levels. Those surveyed also pointed to high inflation as something which put a dent in confidence.

“However, there was some encouraging news in our study. One in five of those we surveyed said rising wages was the factor that had the biggest positive impact on how they were feeling. This follows official data showing that over the year to April 2018, weekly earnings for full-time employees in Northern Ireland increased at their fastest rate since 2015. This all shows that there is some upward pressure being applied to the size of people’s pay packets.

“Another interesting point to note in this survey was with regards to Brexit-related factors. Thirteen per cent of people highlighted the pace of progress during the Brexit negotiations in recent months as the factor which had the biggest negative impact on them. A further 11 per cent said the Government’s longer-term Brexit objectives affected them most negatively. This compares with just 8 per cent and 6 per cent of people respectively who identified these same two factors as having the biggest positive impact on them. It appears as if the uncertainty around Brexit is an issue not just for businesses in Northern Ireland, but for consumers as well.”

Current financial position compared with last year

The part of the survey which examines how consumers feel about their current financial position compared with a year ago experienced a fall over the quarter and over the year.

Seventeen per cent of respondents felt that their financial position had improved over the past twelve months, but **29 per cent** felt it had deteriorated.

Women felt worse about their current financial position than men. Twenty per cent of men felt their finances had improved over the past year, while 28 per cent felt worse off. But only 14 per cent of women felt better off than a year ago and 31 per cent felt their finances had deteriorated.

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.

Twenty-nine per cent of people expected their finances to worsen over the next year, while only **16 per cent** of those surveyed expected their financial position to improve.

Young people felt more optimistic about their future finances than older people. A higher number of 16-24 year olds expected to be better off in a year's time than expected to be worse off. But the opposite was true for all the age categories above 35 years old.

Expectations around job security

There was a slight fall in the part of the index that looks at job security.

Nine per cent of people expected to become more secure in their job, and **15 per cent** of people expected their job security to deteriorate. However, the majority of people surveyed did not expect their job security to change over the year ahead.

The proportion of people expecting their job security to improve was highest in South region. The area in which the largest percentage of people expected their job security to deteriorate was North region.

Expectations around spending on high value items

The part of the index that indicates the amount consumers expect to spend on high-value items over the next twelve months also fell.

Seventeen per cent of consumers expected to spend more on expensive items, such as furniture and holidays over the next year, but **27 per cent** expected to spend less.

Saving expectations

Consumers' savings expectations increased slightly over the quarter, but fell over the year.

Twelve per cent of people expected to save more this year than they did last year, but **28 per cent** thought they wouldn't be able to save as much over the year ahead.

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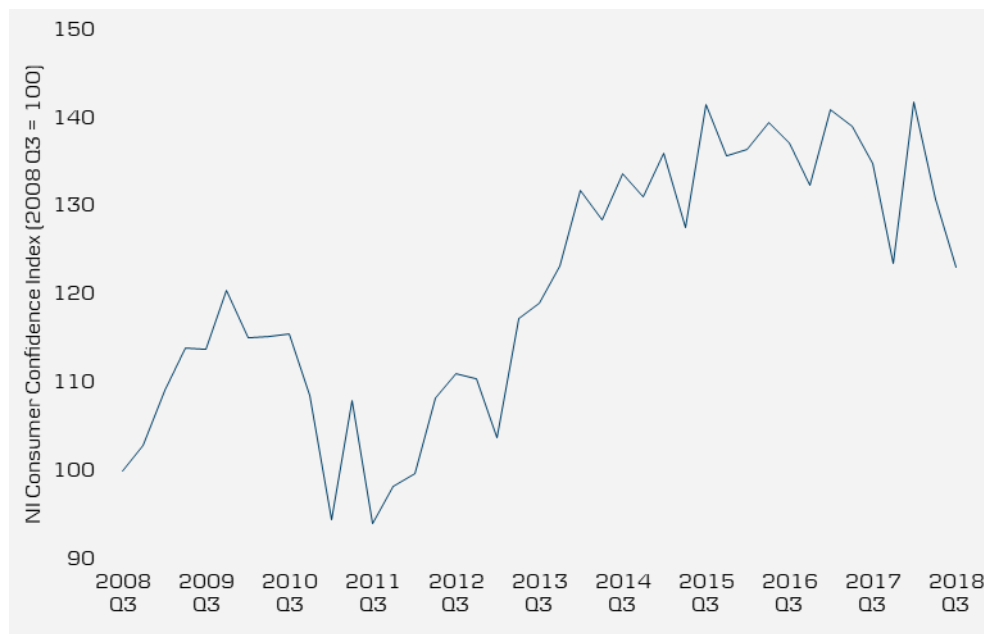
Danske Bank Northern Ireland Consumer Confidence Index 2018 Q3: Sub-index readings

	2018 Q3	2018 Q2	2017 Q3
Consumer confidence index	123	131	135
Current financial position compared with last year	129	137	141
Expectations for finances over the next 12 months	138	151	156
Expectations around job security	98	100	103
Expectations around spending on high value items	127	135	139
Savings expectations	140	138	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 Q3



Source: Danske Bank analysis

Notes to Editors:

- The survey was carried out by Cognisense in September 2018 with 1,010 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.