

News Release
12 February 2019

Consumer confidence in NI increased at end of 2018, but major worries persist

Consumer confidence in Northern Ireland surprisingly increased in the final quarter of 2018 despite concerns around the local political impasse and Brexit continuing to weigh on people's minds, according to analysis published today by Danske Bank.

The Danske Bank Northern Ireland Consumer Confidence Index rose to **127**, up from **123** in the third quarter and **123** at the end of 2017.

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

"Local consumer confidence levels picked up slightly in the fourth quarter of 2018, but remained below the levels they were at in the first half of the year and throughout most of the period from 2014-2017.

"Despite the rise in confidence, our survey did reveal that people still have a number of concerns. Almost 40 per cent of people told us that political uncertainty and the continued absence of a Northern Ireland Executive had the largest negative impact on how they were feeling. In addition, 17 per cent of respondents said that developments during the Brexit negotiations in recent months negatively impacted them and a further 12 per cent pointed to the UK Government's longer-term Brexit objectives as the factor that had the largest negative impact on confidence levels.

"In terms of what drove the increase, one significant factor was people's pay packets getting bigger. Almost a quarter of people highlighted rising wages as the factor that had the biggest positive impact on their confidence levels. Consumers also pointed to low interest rates and increasing house prices as other factors impacting them positively."

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 rise both over the quarter and over the year.

Twenty per cent of respondents felt their financial position had improved over the past twelve months and **28 per cent** felt it had deteriorated.

However, this is relatively better than in the last quarter when the numbers were 17 per cent and 29 per cent respectively.

Expectations for finances over the next twelve months

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

Nineteen per cent of people expected their finances to improve over the next year, and **28 per cent** expected their financial position to worsen. In Q3 2018, 16 per cent of people thought their finances would improve and 29 per cent thought they would deteriorate.

Younger people felt more optimistic than older people about how their financial position would change over the next twelve months. More people aged 16-34 expected their finances to improve than expected them to worsen.

But for those aged over 35, there was a larger number of people who expected to become worse off over the next year than expected to become better off.

Expectations around job security

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

Eleven per cent of people expected to become more secure in their job, and **13 per cent** expected their job security to deteriorate. The majority of people – **66 per cent** – thought that their job security would remain unchanged over the next twelve months.

Across the regions, people in the south region felt the most optimistic about their job security. 15 per cent of people thought their job security would improve and only 4 per cent thought it would deteriorate.

The region where people felt the most pessimistic about job security was the north region. Nine per cent of people there felt their job security would improve, but 29 per cent thought their job security would get worse.

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 increased over the quarter but fell over the year.

Twenty per cent of consumers expected to spend more on expensive items, such as furniture and holidays over the next year, but **29 per cent** expected to spend less.

A larger number of people aged 35-49 said they thought they would spend more on expensive items over the next year than said they would spend less. Across all the other age categories, more people expected to spend less on expensive items than expected to spend more.

Saving expectations

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

Ten per cent of people expected to save more this year than they did last year, but **27 per cent** thought they wouldn't be able to save as much over the year ahead.

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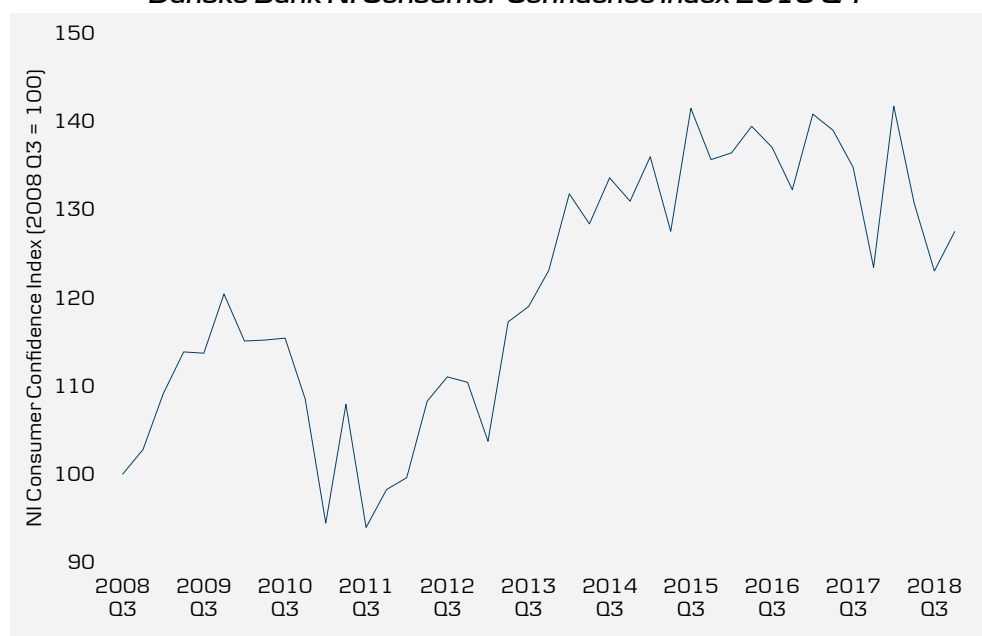
Danske Bank Northern Ireland Consumer Confidence Index 2018 Q4: Sub-index readings

| | 2018 Q4 | 2018 Q3 | 2017 Q4 |
|--|------------|------------|------------|
| Consumer confidence index | 127 | 123 | 123 |
| Current financial position compared with last year | 135 | 129 | 124 |
| Expectations for finances over the next 12 months | 144 | 138 | 140 |
| Expectations around job security | 102 | 98 | 101 |
| Expectations around spending on high value items | 128 | 127 | 130 |
| Savings expectations | 138 | 140 | 130 |

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 Q4



Source: Danske Bank analysis

Notes to Editors:

- The survey was carried out by Cognisense in December 2018 with 1,035 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.