

News Release  
8 May 2019

### Strong labour market triggers rise in consumer confidence

Consumer confidence in Northern Ireland increased in the first quarter of 2019 mainly due to the strong performance of the labour market, according to analysis published today by Danske Bank.

The Danske Bank Northern Ireland Consumer Confidence Index rose to **139** in Q1 2019, up from **127** in the fourth quarter of last year but below the **142** registered in the first quarter of 2018.

Commenting on the latest figures, which are drawn from a survey of 1,000 people carried out in March 2019, Danske Bank Chief Economist Conor Lambe said:

*“At a time of such high uncertainty - particularly around Brexit - we might have expected to see consumer confidence on the wane. However, our latest survey actually revealed that consumers were feeling more confident in the first quarter of the year than they were at the end of 2018.*

*“One of the main drivers behind this rise in confidence was the performance of the local labour market. The latest official figures show that the employment rate in Northern Ireland is at a series high, the unemployment rate is the joint lowest on record and businesses have been adding more employees every quarter since the start of 2016.*

*“Economic theory would suggest that this relatively strong performance should put upward pressure on earnings growth and our survey is showing that to be the case. 28 per cent of respondents said that rising wages was the factor that had the largest positive impact on their confidence levels. In addition, the part of our index that looks at how people feel about their job security posted its highest reading since the survey began more than a decade ago.”*

Despite the rise in confidence, consumers still had concerns. 28 per cent of people said that the local political impasse had the largest negative impact on how they were feeling. A further 22 per cent of people pointed to the lack of progress in the Brexit negotiations in recent months as the issue having the biggest adverse impact on them, up from 17 per cent in the final quarter of 2018. And even though inflation is now just below the Bank of England’s target, rising prices were still a cause of concern for consumers. 21 per cent of people surveyed said the impact of higher prices on their household finances was negatively impacting how they were feeling.

Conor concluded: *“In both 2017 and 2018, consumer confidence increased strongly in the first quarter of the year but then weakened in the following quarters. Whether a similar trend can be avoided in 2019 will likely depend on whether the labour market remains in relatively good shape, if the new political talks can lead to the restoration of the Executive and on how the Brexit process evolves over the rest of the year.”*

### Current financial position compared with last year

There was a rise in the part of the index focused on how consumers feel about their current financial position compared with a year ago.

**Twenty-one per cent** of respondents felt their financial position had improved over the past twelve months and **20 per cent** felt it had deteriorated. This was relatively stronger than observed at the end of 2018.

## Expectations for finances over the next twelve months

The part of the survey which examines consumers' expectations of how their financial position will change over the next twelve months experienced a rise over the quarter and was unchanged over the year.

**Twenty-two per cent** of people expected their finances to improve over the next year, and **17 per cent** expected their financial position to worsen.

## Expectations around job security

There was a rise in the part of the index that looks at job security, with the sub-index value recording a series high.

**Eleven per cent** of people expected to become more secure in their job, while only **five per cent** expected their job security to deteriorate. The majority of people – 69 per cent – thought that their job security would remain unchanged over the next twelve months.

Across the regions, a larger number of people felt their job security would improve rather than deteriorate in Belfast, south region and west region. However, more people expected their job security to worsen rather than improve in the 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 increased over the quarter, but fell sharply over the year.

**Eighteen 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. That was relatively stronger than the final quarter of last year but, when compared with a year ago, the position in 2019 Q1 was much weaker.

## Saving expectations

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

**Eleven per cent** of people expected to save more this year than they did last year, but **25 per cent** thought they wouldn't be able to save as much over the year ahead.

ENDS

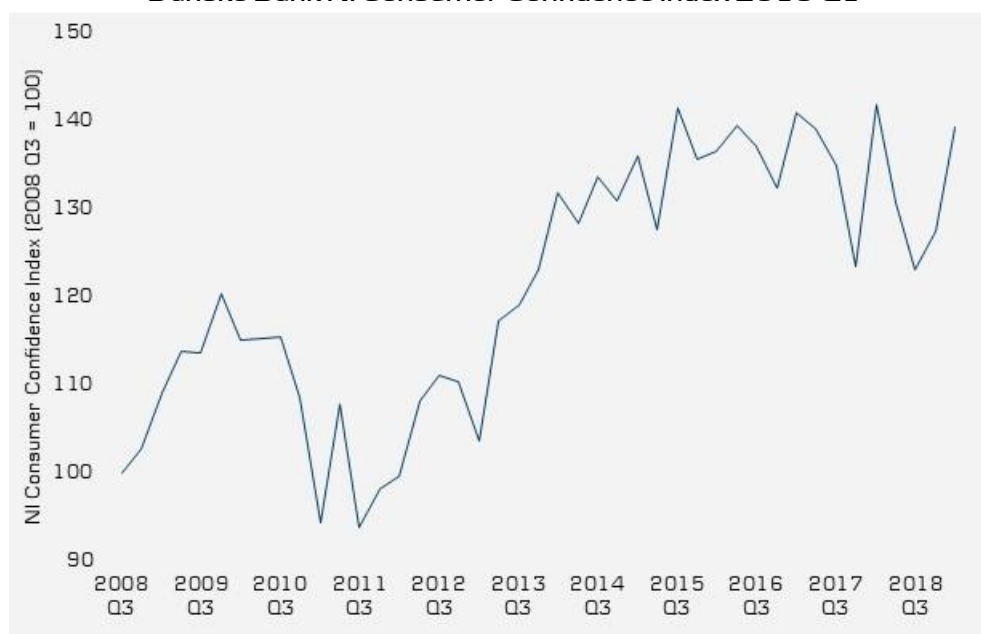
### Danske Bank Northern Ireland Consumer Confidence Index 2019 Q1: Sub-index readings

	2019 Q1	2018 Q4	2018 Q1
<b>Consumer confidence index</b>	<b>139</b>	<b>127</b>	<b>142</b>
Current financial position compared with last year	149	135	144
Expectations for finances over the next 12 months	167	144	167
Expectations around job security	110	102	108
Expectations around spending on high value items	131	128	148
Savings expectations	143	138	152

Source: Danske Bank analysis

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

### Danske Bank NI Consumer Confidence Index 2019 Q1



Source: Danske Bank analysis

#### Notes to editors:

- The survey was carried out by Cognisense in March 2019 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.