

News Release
30 July 2019

Consumer confidence falls as political inactivity and Brexit continue to bite

Consumer confidence in Northern Ireland fell in the second quarter of 2019 as the lack of progress in resolving the local political stalemate and ongoing uncertainty around Brexit continued to weigh on sentiment, according to analysis published today by Danske Bank.

The Danske Bank Northern Ireland Consumer Confidence Index fell to **136** in Q2 2019, down from **139** in the first quarter of the year but above the reading of **131** registered in the second quarter of 2018.

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

“After rising on the back of the strong labour market at the start of this year, consumer confidence in Northern Ireland fell back in the second quarter of 2019.

“The main areas of concern for local people continue to be the lack of an Executive at Stormont, and Brexit. Thirty-nine per cent of people said that the fact we haven’t had a functioning devolved government in two and a half years was the issue that had the largest negative impact on how they were feeling. With regards to leaving the EU, 14 per cent of people stated that progress during the Brexit negotiations in recent months negatively impacted them and a further 10 per cent highlighted the UK Government’s longer-term Brexit objectives as the main factor that weighed on their confidence levels.

“It is worth noting that consumer confidence in Northern Ireland in Q2 2019 was higher than in the same period of 2018. This was likely due to the fact that the labour market was still providing some upward support to consumer sentiment. The latest labour market figures which covered the period March – May 2019 showed that, when compared with the same period last year, the employment rate was higher, the unemployment rate was lower and the economic inactivity rate was also lower. A quarter of the respondents to our survey said that rising wages was the factor that had the largest positive impact on their outlook in the second quarter of the year.

“With a new Prime Minister now in place, the Brexit process is likely to dominate UK politics in the weeks and months ahead. This survey continues to show that, like the business community, consumers also have concerns around how the UK will leave the EU. The outlook for consumer confidence, and indeed overall economic growth in Northern Ireland over the rest of this year and into next year, will be heavily dependent on how the Brexit process unfolds over the coming months and whether a no-deal Brexit can be avoided.”

Current financial position compared with last year

Compared with the previous quarter, there was a fall in the part of the index focused on how consumers felt about their current financial position compared with a year ago. But the reading in the second quarter of this year was higher than that posted in the second quarter of 2018.

Nineteen per cent of respondents felt their financial position had improved over the past twelve months but **20 per cent** felt it had deteriorated.

Expectations for finances over the next twelve months

Of all the components of the index, the largest quarterly fall was observed in the part which examines consumers’ expectations of how their financial position will change over the next twelve months. However, there was an improvement when compared with a year ago.

Sixteen per cent of people expected their finances to improve over the next year, and **18 per cent** expected their financial position to worsen.

Expectations around job security

The part of the index that looks at job security also experienced a fall over the quarter, but an increase over the year.

Nine per cent of people expected to become more secure in their job, while only **five per cent** expected their job security to deteriorate.

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 slightly 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 **23 per cent** expected to spend less.

Saving expectations

The index reading related to consumers' savings expectations was unchanged over the quarter, but increased over the year.

Nine per cent of people expected to save more this year than they did last year, but **23 per cent** thought they wouldn't be able to save as much over the year ahead.

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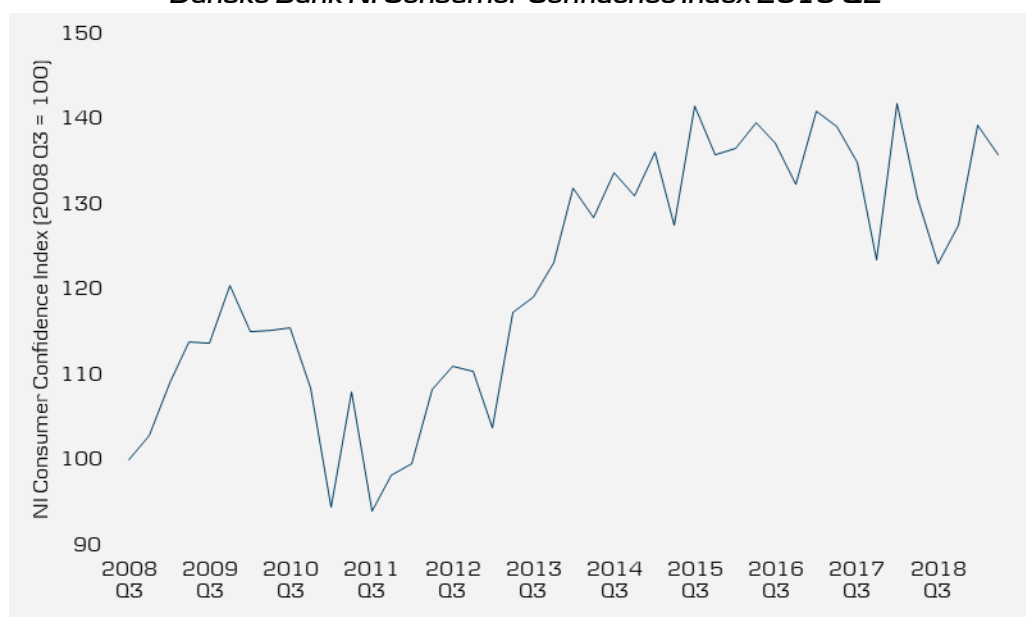
Danske Bank Northern Ireland Consumer Confidence Index 2019 Q2: Sub-index readings

	2019 Q2	2019 Q1	2018 Q2
Consumer confidence index	136	139	131
Current financial position compared with last year	146	149	137
Expectations for finances over the next 12 months	156	167	151
Expectations around job security	108	110	100
Expectations around spending on high value items	134	131	135
Savings expectations	143	143	138

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 Q2



Source: Danske Bank analysis

Notes to editors:

- The survey was carried out by Cognisense in June 2019 with 1,029 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.