

News Release
29 October 2019

Consumer confidence falls again as Brexit and the local political stalemate take their toll

Consumer confidence in Northern Ireland fell again in the third quarter of 2019 as heightened Brexit uncertainty and another three months without a functioning Executive took their toll on local people, according to analysis published today by Danske Bank.

The Danske Bank Northern Ireland Consumer Confidence Index fell to **131** in Q3 2019, down from **136** in the second quarter of the year but above the reading of **123** posted in the third quarter of 2018.

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

“This latest quarterly fall in consumer confidence can be put down to the same old culprits – Brexit and the local political impasse. When our survey took place in September, Brexit-related uncertainty was at heightened levels and so the relatively high proportion of people citing the UK’s exit from the EU as a drag on their confidence levels was to be expected.”

“Twenty-three per cent of respondents said that the progress during the Brexit negotiations in recent months had the largest negative impact on how they were feeling, while a further 9 per cent highlighted the UK Government’s longer-term Brexit objectives as a factor adversely impacting them. It’s clear that how the Brexit process develops over the coming days and weeks will have a significant impact on consumer confidence levels during the rest of 2019 and beyond.”

“In addition to Brexit, more than a quarter of people pointed to the ongoing political stalemate at Stormont as something which put a dent in confidence in quarter three.”

“However, there were some factors which had a positive effect on consumer sentiment. Around one fifth of people said that rising wages had a beneficial impact on them and 11 per cent of people stated low interest rates positively affected how they were feeling.”

He added: *“Throughout this year, consumer purchasing power has been relatively robust due to stronger rates of wage growth and more moderate inflation. For businesses in consumer-focused sectors – such as retailers, hotels and restaurants – confidence levels will be an important determinant in the months ahead when it comes to how willing people are to convert that purchasing power into actual increases in consumer spending.”*

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 relative to a year ago. However, the reading in the third quarter of this year was above that from the third quarter of last year.

Twenty per cent of respondents felt their financial position had improved over the past twelve months but **25 per cent** felt it had deteriorated.

Women felt worse about their current financial position than men. **Twenty-three per cent** of men felt their finances had improved over the past year, while **21 per cent** felt worse off. Only **18 per cent** of women felt better off than a year ago and **28 per cent** felt their finances had deteriorated.

Expectations for finances over the next twelve months

Over the quarter, there was a fall in the component of the index which examines consumers' expectations of how their financial position will change over the next twelve months. But over the year, this part of the index improved.

Twenty-four per cent of people expected their finances to worsen over the next year, compared with **18 per cent** who expected their financial position to strengthen.

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. 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

The part of the index focused on job security also fell over the quarter but increased over the year.

Thirteen per cent of people expected their job security to deteriorate, **11 per cent** thought they would become more secure in their job and **63 per cent** didn't expect their job security to change.

In the South and West regions, a larger proportion of people expected their job security to improve rather than deteriorate. In Belfast City, the proportion of those who expected to become more secure in their job was broadly the same as those who expected their job to become less secure. In the North region, a larger number of people thought their job security would worsen over the year ahead.

Expectations around spending on high value items

The component of the index that indicates the amount consumers expect to spend on high-value items over the next twelve months was unchanged over the quarter but increased over the year.

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

Saving expectations

The index reading related to consumers' saving expectations decreased over the quarter and over the year.

Nine 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.

ENDS

For more information contact:

Symon Ross/ Andrew Kelly at MCE

T: 028 9026 7099

E: symon@mcepublicrelations.com / andrew@mcepublicrelations.com

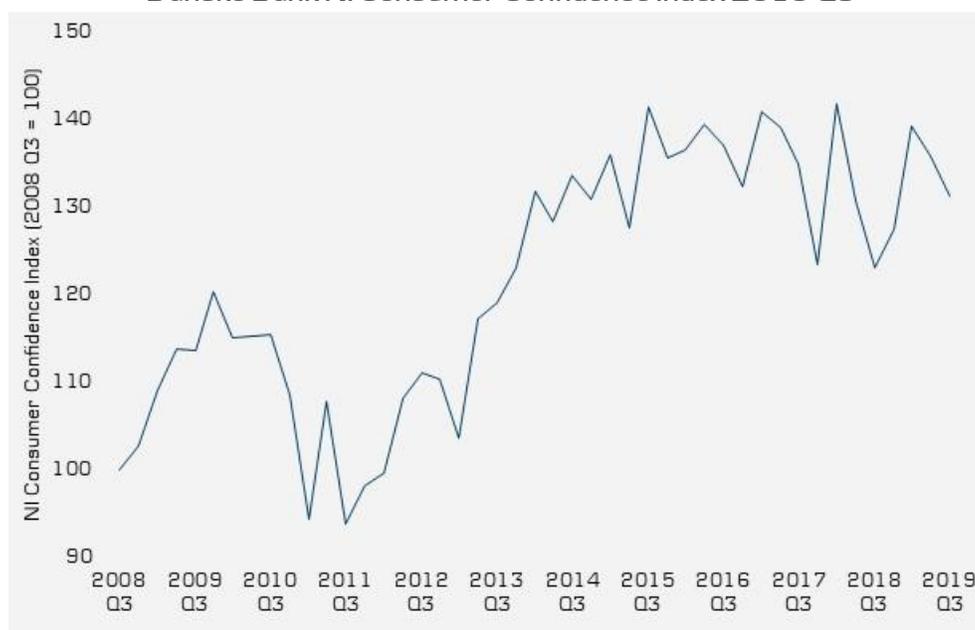
Danske Bank Northern Ireland Consumer Confidence Index 2019 Q3: Sub-index readings

	2019 Q3	2019 Q2	2018 Q3
Consumer confidence index	131	136	123
Current financial position compared with last year	140	146	129
Expectations for finances over the next 12 months	149	156	138
Expectations around job security	102	108	98
Expectations around spending on high value items	134	134	127
Savings expectations	137	143	140

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 Q3



Source: Danske Bank analysis

Notes to editors:

- The survey was carried out by Cognisense in September 2019 with 1,022 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.