

Northern Ireland Consumer Confidence Index

Consumer confidence decreased in the third quarter of 2024 as the impact of higher prices continued to be felt

Consumer confidence summary

Consumer confidence in Northern Ireland decreased in the third quarter of 2024 as the impact of higher prices continued to weigh on consumers.

The Danske Bank Northern Ireland Consumer Confidence Index declined to **128** in 2024 Q3, down from **133** in 2024 Q2 but higher than the reading of **112** recorded in 2023 Q3 (see Figure 1). The survey was carried out in September 2024.

Compared with the previous quarter, people reported feeling less confident about their current finances, future finances and expected spending on expensive items, however sentiment regarding job security increased.

How consumer confidence, inflation and the monetary policy environment evolve over the coming months will all be important watchpoints with regards to household spending and economic growth moving forward.

Factors which positively impacted confidence

Twenty-six percent of the survey respondents said they didn't know what was having the largest positive impact on their confidence levels (see Figure 2).

Twenty-one percent of people identified the restoration of the Northern Ireland Executive as the main factor boosting confidence.

The lower rate of inflation positively impacted sentiment for seventeen percent of consumers.

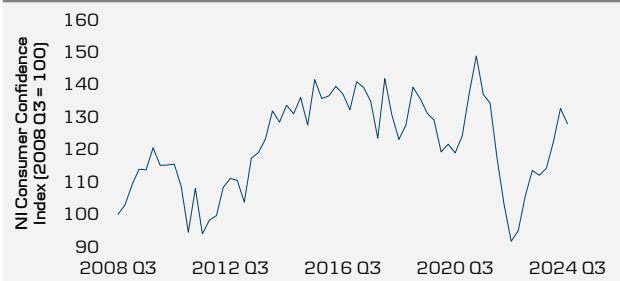
Factors which negatively impacted confidence

Figure 3 shows that thirty-nine percent of respondents felt that the impact of higher prices on household finances was the main factor that made them feel less confident.

Global risks had the largest negative impact on confidence levels for fifteen percent of consumers surveyed.

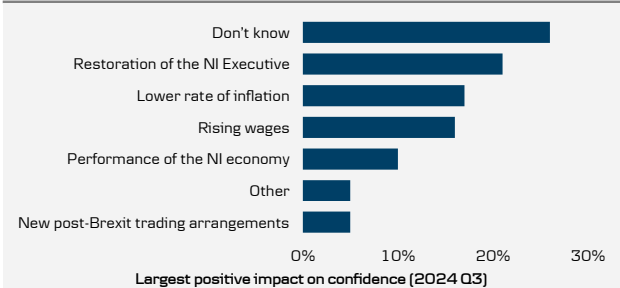
Fourteen percent of people said that higher interest rates had the largest negative impact on sentiment.

Figure 1: Consumer confidence decreased over the quarter in 2024 Q3 but was higher than in the same quarter of 2023



Source: Danske Bank analysis

Figure 2: The restoration of the Northern Ireland Executive had a positive impact on confidence levels in 2024 Q3



Source: Danske Bank analysis

Figure 3: The impact of higher prices continued to have the largest negative impact on confidence in the third quarter of the year



Source: Danske Bank analysis

Current financial position compared with last year

The part of the index based on how people felt about their current financial position compared with a year ago fell over the quarter but rose over the year in 2024 Q3.

Twenty-seven percent of people believed their financial position had improved over the previous twelve months but 42 percent thought their finances had deteriorated.

Expectations for finances over the next 12 months

Figure 4 shows that the component of the index related to how people expect their finances to change over the next year deteriorated over the quarter but improved compared with 2023 Q3.

Thirty-one percent of respondents expected their financial position to improve over the next twelve months but 28 percent believed it would worsen.

Expectations around job security

The part of the index related to peoples' rating of their job security increased over the quarter and over the year (see Figure 5).

Seventeen percent of people expected to become more secure in their job while 7 percent thought their job security would worsen. Fifty-seven percent of people thought their job security would remain unchanged.

Expectations around spending on high-value items

The sub-index related to the amount consumers expect to spend on high-value items, such as furniture and holidays, over the next twelve months decreased over the quarter though rose over the year (see Figure 6).

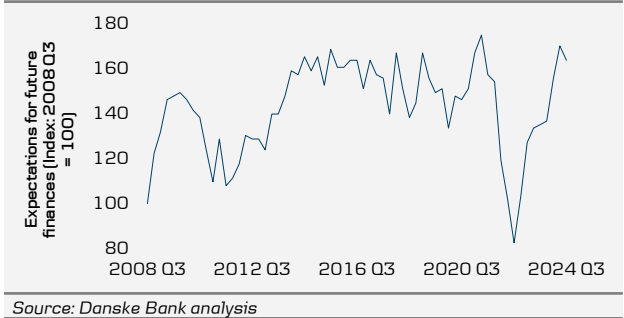
Twenty percent of consumers expected to spend more on expensive items but 43 percent of people expected to spend less.

Saving expectations

The index reading related to savings expectations improved over the quarter and over the year.

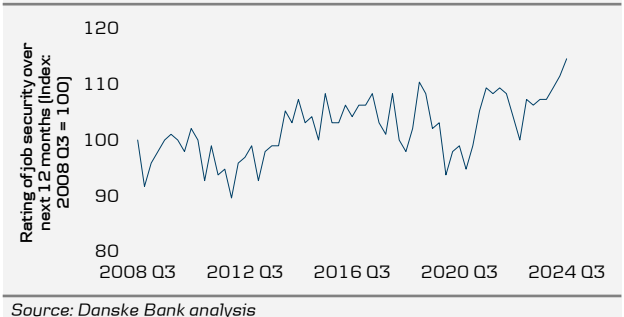
Twenty-seven percent of those surveyed said they expected to save more this year than they did last year compared with 29 percent who thought they would save less in the year ahead.

Figure 4: Respondents felt less confident about their future finances in 2024 Q3 compared with the previous quarter



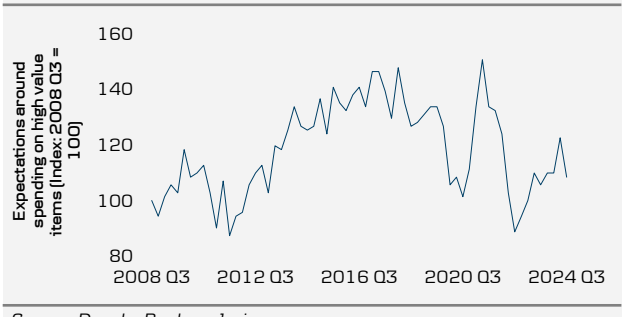
Source: Danske Bank analysis

Figure 5: Confidence regarding job security increased in the third quarter of 2024



Source: Danske Bank analysis

Figure 6: There was a decrease over the quarter in confidence around the amount people expected to spend on expensive items going forward



Source: Danske Bank analysis

Figure 7: The parts of the index related to current finances, future finances and expected spending on expensive items deteriorated over the quarter in 2024 Q3 but the component based on job security improved. All the sub-indices increased over the year

Sub-index readings	2023 Q3	2024 Q2	2024 Q3	Q-o-Q	Y-o-Y
Consumer confidence index	112	133	128	↓	↑
Current financial position compared with last year	100	126	125	↓	↑
Expectations for finances over the next 12 months	135	170	163	↓	↑
Expectations around job security	107	111	115	↑	↑
Expectations around spending on high value items	106	123	108	↓	↑
Savings expectations	138	158	163	↑	↑

Source: Danske Bank analysis

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

Regional Confidence Indices

Summary of regional indices

Consumer confidence decreased over the quarter in Belfast City and the North and South regions but increased in the West region in 2024 Q3. Confidence increased in all four regions over the year (see Figure 8).

It is important to note that the regional indices are based on smaller samples than the overall Northern Ireland measure so caution should be exercised when interpreting the data at a regional level, including when comparing across regions.

Belfast City

In Belfast City, confidence levels fell over the quarter but improved over the year in the third quarter of 2024. The index reading was 148 in 2024 Q3, down from the 156 recorded in the previous quarter but higher than the 132 posted in the same quarter of the previous year.

People reported feeling more confident about their current finances but less confident about their future finances, job security and the amount they expect to spend on expensive items compared with the previous quarter.

North

Sentiment in the North region deteriorated over the quarter but improved over the year in 2024 Q3. The overall index reading was 126, down from the 142 recorded in 2024 Q2 but higher than the 125 recorded in the third quarter of 2023.

Compared with the previous quarter, people reported feeling less confident about their current finances, future finances and the amount they expect to spend on expensive items. Sentiment regarding job security was unchanged.

South

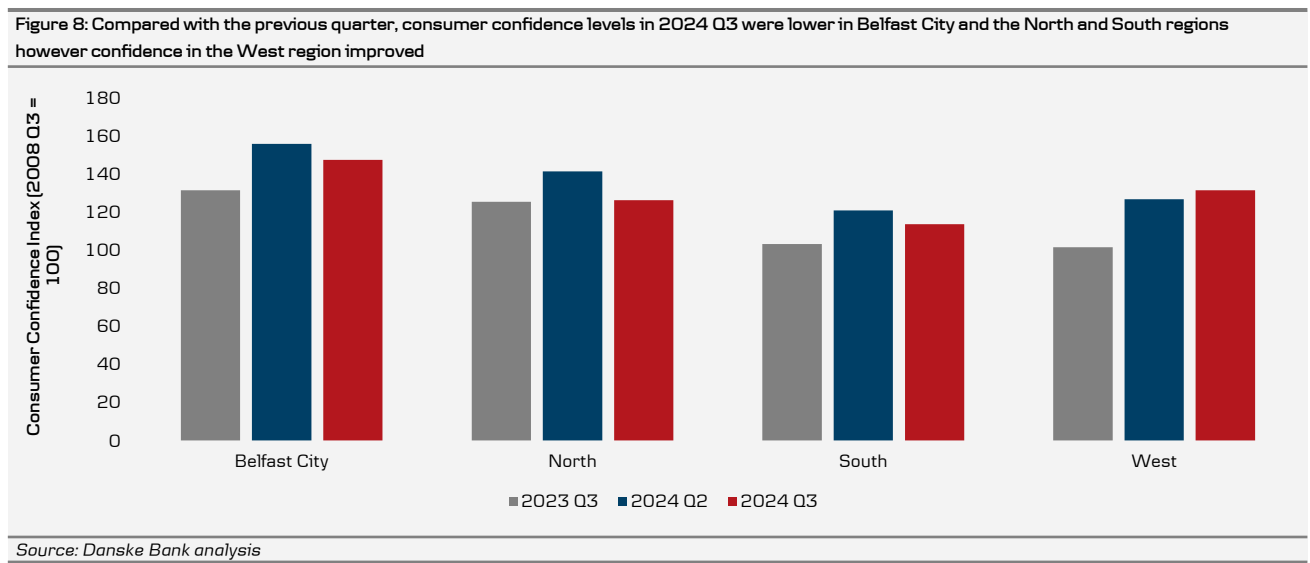
Consumer confidence in the South region decreased over the quarter but increased over the year. The index reading of 114 in the third quarter of 2024 was lower than the 121 posted in the previous quarter, however it was higher than the 103 observed in the same quarter of the previous year.

Relative to the previous quarter, consumers felt less confident about their current finances, future finances and the amount they expect to spend on expensive items, while they were more confident around job security.

West

Sentiment in the West region improved over the quarter and over the year in 2024 Q3. The reading of 132 in the third quarter of the year was above the 127 in 2024 Q2 and higher than the 102 recorded in 2023 Q3.

The parts of the index focused on people’s future finances, job security and the amount they expect to spend on expensive items were higher than in 2024 Q2 but confidence regarding current finances was lower.



Source: Danske Bank analysis

Commentary

Consumer confidence declined in the third quarter of 2024

Consumer confidence in Northern Ireland decreased in the third quarter of 2024. The Danske Bank Northern Ireland Consumer Confidence Index posted a reading of 128, down from 133 in 2024 Q2.

However, this was still the second highest reading since the start of 2022 suggesting that there was still a reasonable level of confidence among consumers compared with the experience of the last few years.

Despite the lower rate of inflation, high prices continued to weigh on confidence

Inflation in the UK has returned to more normalised rates of around its 2 percent target during 2024. The rate of price rises was 2.2 percent in July and August and 1.7 percent in September – the month our survey was conducted. This has provided some support to household spending power and confidence levels. Seventeen percent of the respondents to our survey said the lower rate of inflation had the largest positive impact on their confidence levels in 2024 Q3.

However, despite the reduction in inflation from the double-digit rates posted in the second half of 2022 and early part of 2023, the impact of higher prices on household finances is continuing to weigh on consumer sentiment. Thirty-nine percent of the people who completed our survey said it was the factor that had the largest negative impact on how confident they were feeling in the third quarter of this year.

This is likely to be a reflection of the prolonged period of high inflation that consumers have experienced in recent years. In the UK, the average price level in September 2024 was 19 percent higher than the average price level in September 2021. As context, in the two preceding three-year periods from September 2018 – September 2021 and from September 2015 – September 2018, the average price level increased by 5 percent and 6 percent respectively.

Since 2022 Q1, the impact of higher prices on household finances has been the most common response when we've asked survey participants which factor has had the largest negative impact on their confidence levels.

Global risks and higher interest rates are also adversely impacting sentiment

Global risks remain prevalent given the elevated levels of geopolitical uncertainty, including those related to the war in Ukraine and events in the Middle East. Fifteen percent of the people who completed our survey stated that global risks had the largest negative impact on their confidence levels.

In September, the Bank of England's Monetary Policy Committee voted to keep Bank Rate unchanged following the reduction from 5.25 percent to 5 percent that was announced in August. Bank Rate was subsequently cut again to 4.75 percent in November. However, despite the reductions from the recent high, Bank Rate remains considerably higher than consumers have experienced over much of the past 15 years. Fourteen percent of respondents said higher interest rates had the largest negative impact on their confidence levels in 2024 Q3.

A number of factors had positive impacts on confidence in quarter three

Despite the fall in overall consumer confidence, and in addition to the lower rate of inflation discussed above, there were some other factors which positively impacted sentiment.

Following on from the restoration of the Northern Ireland Executive during quarter one, there have been several significant policy developments from an economic perspective. For example, the Minister for the Economy set out his vision for the local economy in February and the Executive launched a consultation on the draft Programme for Government in September. Twenty-one percent of our survey respondents said the restoration of the Northern Ireland Executive had the largest positive impact on how confident they were feeling.

The Northern Ireland labour market was in a relatively robust position in the third quarter of 2024, with the unemployment rate just 2 percent. The relative strength of the labour market is supporting wage growth and 16 percent of people stated that rising wages had the largest positive impact on sentiment for them.

Consumer confidence is an important watchpoint moving forward

Consumer confidence in Northern Ireland in 2024 Q3 was still relatively strong when compared with the overall index levels since the start of 2022. However, the fall in confidence levels based on this latest survey shows that higher prices are still putting pressure on household budgets.

Consumer spending is a significant contributor to overall economic growth in Northern Ireland and in the wider UK and, as such, how inflation, monetary policy and consumer confidence evolve over the coming months will all be important watchpoints with regards to how the local economy performs moving forward.

Survey details, disclaimer and copyright

Survey Details

- The survey was carried out by Cognisense in September 2024 with 1,000 people.
- All survey data is 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 - Those that live in Belfast
 - North - Those that live in County Antrim excluding Belfast and those that live in or close to Coleraine
 - South - Those that live in County Down excluding Belfast and those that live in or close to Armagh, Newry, Lurgan, Portadown, Crossmaglen, Loughgall, Markethill and Tandragee
 - West - Those that live in or close to County Derry / Londonderry excluding the Coleraine area and those that live in County Fermanagh and County Tyrone

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Contact details



Conor Lambe

Chief Economist & Head of Strategy
Email: conor.lambe@danskebank.co.uk
LinkedIn: [Conor Lambe](#)



Hannah Martin

Economist
Email: hannah.martin@danskebank.co.uk
LinkedIn: [Hannah Martin](#)