

- Saving sentiment on the up, driven by an improving environment for savers
- Half of Irish people are saving regularly compared to one-third that invest on a regular basis
- Consumers most likely to invest in pension funds above all other vehicles

The Bank of Ireland/ESRI Savings and Investments Index measures the overall sentiment of Irish households towards savings and investments. The monthly Savings Index increased to 100 points in October from 98 in September. The monthly Savings Index comprises two aspects; a Savings Attitude Index and a Savings Environment Index.

Savings Index

The monthly Savings Attitudes Index asks people about their saving behaviour and how they feel about the amount they save. 49% of people now say they save regularly, compared to 44% a year ago and the proportion of people who do not save remained unchanged at one in three.

The Savings Environment Index, which explores households' views on the environment for savings, increased by 7 points to 100 in October 2017. The underlying upward trend in the index was maintained last month with 40% of respondents feeling it was a good time to save. This compares to 38% last month and 32% per cent a year ago. An improving environment for savings has been a key factor behind the gradual improvement in the overall Savings Index in recent years. Consumers appear to be taking a precautionary approach to their savings in order to manage their upcoming Christmas spending.

Investments

On the investment front, almost one-third (32%) of Irish households indicate they invest on a regular basis, which is lower than the proportion of households saving regularly at 49%. The most common investment made by households was in pension schemes at 29% with investment in shares and funds at 3%.

Investment activity was more prevalent amongst the younger demographic (those aged under 50) and amongst those in managerial/professional occupations. Despite the lower incidence of regular investment, more Irish people still felt it was a good time (32%) than a bad time (20%) to invest.

Commenting on the results Author, Bank of Ireland, said:

“Commenting on the Bank of Ireland Savings and investments Index, Tom McCabe, Global Investment Strategist, Bank of Ireland Investment Markets said: “A key feature of October’s Savings and Investment Index was the rise in sentiment toward saving among Irish households. This was a direct result of more Irish people thinking that now is a good time to save, a trend that has become more visible over the last number of years.”

“The initial data on investing clearly show that we are more a nation of savers than investors. This would suggest a preference for capital security on savings compared to potentially higher returns from investments. The low interest rate environment remains a big challenge for Irish savers. Against this backdrop, it will be interesting to see if sentiment towards investing improves over the medium term. The data from the Savings and Investment Index should help us tackle questions like this.”

Index base: October 2017

Month	Savings Index (Month)			Savings Index (3 Month Moving Average)		
	Overall	Attitudes	Environment	Overall	Attitudes	Environment
Sep-16	95	95	95	94	98	89
Oct-16	92	99	85	94	98	89
Nov-16	95	101	90	94	98	90
Dec-16	90	91	89	93	97	88
Jan-17	95	98	91	94	97	90
Feb-17	89	87	91	91	92	91
Mar-17	96	101	92	93	95	91
Apr-17	93	96	90	93	95	91
May-17	95	96	94	95	97	92
Jun-17	90	92	89	93	94	91
Jul-17	95	97	93	93	95	92
Aug-17	90	94	86	92	94	89
Sep-17	98	103	93	94	98	91
Oct-17	100	100	100	96	99	93

The Savings Index

- The monthly Savings Index increased to 100 points in October from 98 in September, and the three-month moving average rose to 96 points in October from 94 in September.
- The trend from early 2017 has been towards a rising savings sentiment. This is unsurprising as the overall economy is improving and households have more disposable income to move into savings. The recent improvement may reflect pre-Christmas planning or household’s thoughts on the current uncertain environment.

Figure 2 - Savings Index

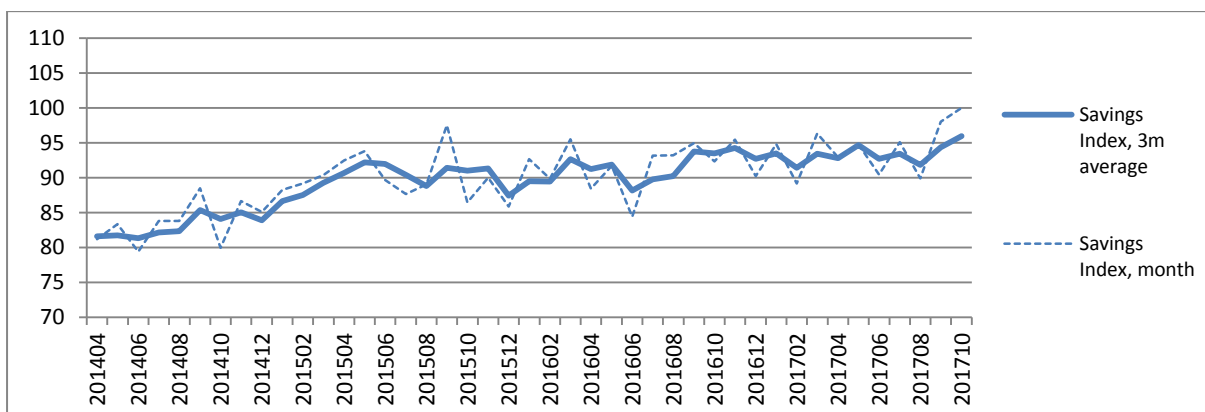
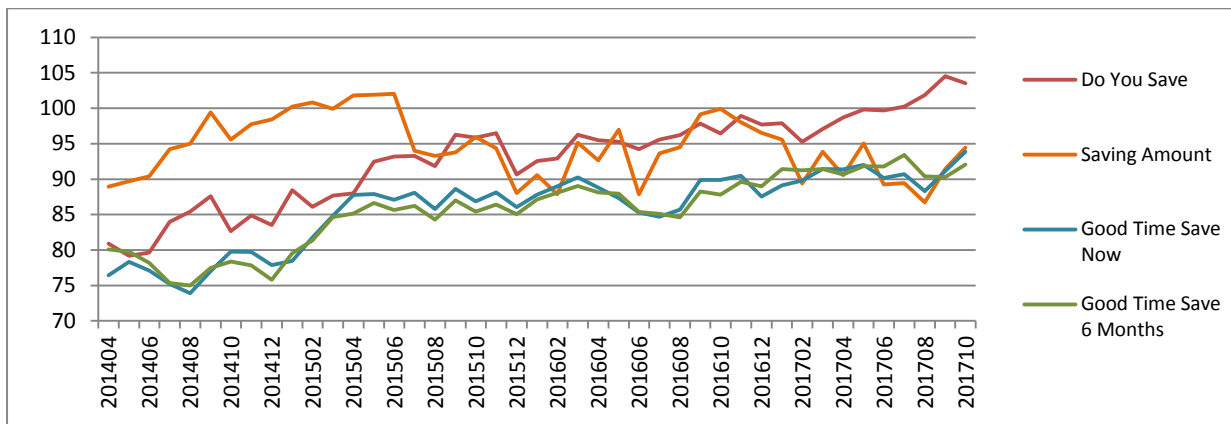


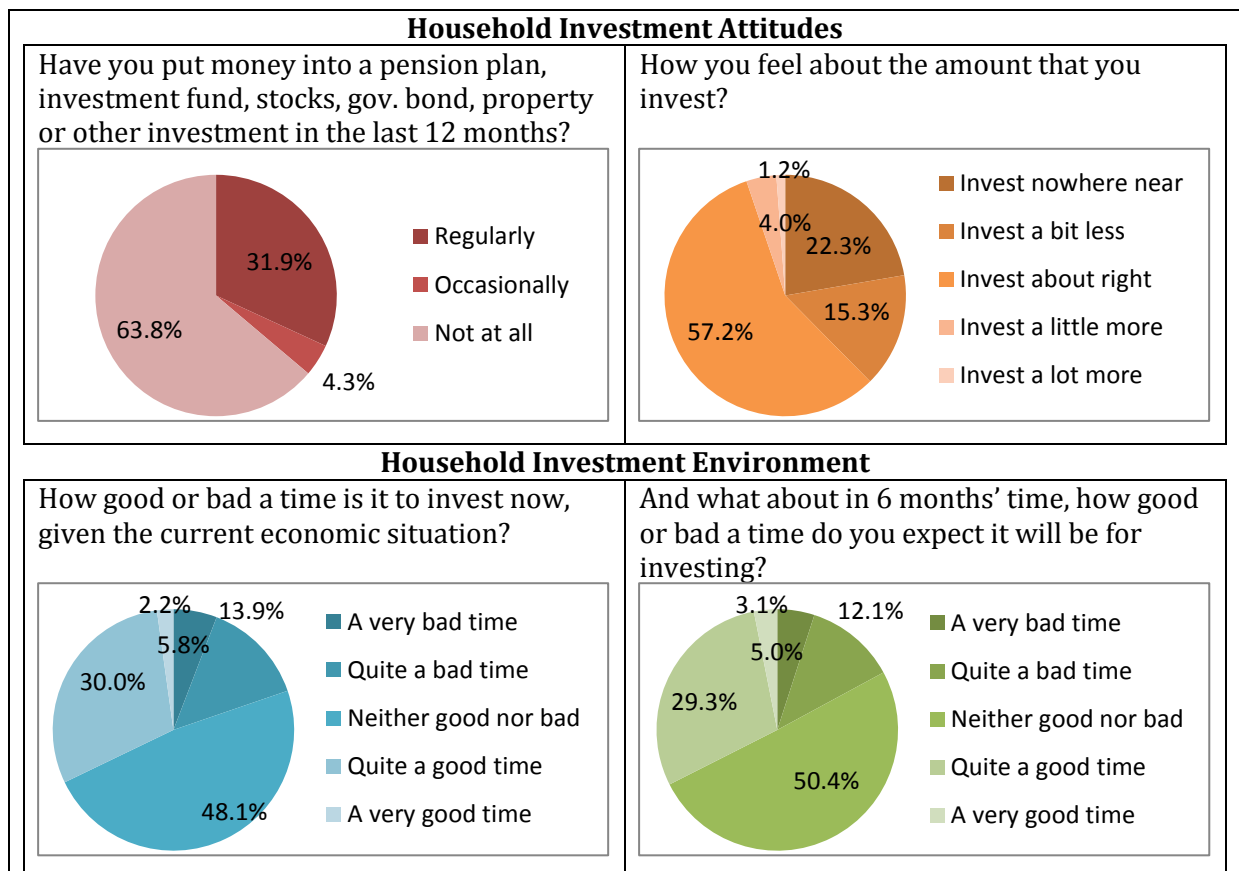
Figure 5 - Savings Questions Indexed (3 Month Rolling Average)



Investment Statistics

In terms of investment patterns, 32 per cent of Irish households indicate they invest on a regular basis, which is lower than the share of households saving regularly at 49 per cent. The most prevalent type of investment made by households was in pension schemes at 29 per cent with investment in shares and funds at 3 per cent. Investment activity was more prevalent amongst younger households (less than 50) and amongst those in managerial/professional occupations.

Graph 1 - Investment Attitudes and Environment, October 2017



About the Index:

The Bank of Ireland/ESRI Savings and Investment Index tracks household views on attitudes towards savings and investment as well as understanding their perspectives on the current and future savings and investment environment. Understanding savings behaviour provides insight into how households smooth consumption, plan to make big purchases and build up buffers which can be drawn down in times of economic stress. Monitoring household investment patterns gives an understanding of how they are putting their money to work, their financial diversification, and their appetite for risk. The Bank of Ireland/ESRI Savings and Investment Index also provides a risk barometer and a retirement optimism index to give insight into household risk taking and the retirement planning. These will be presented on alternate months. For October, only the Savings Items will be published until a sufficient dataset is developed on investment.

The Bank of Ireland Savings and Investment Index is produced monthly from a minimum sample of 800 consumers aged 15 years and above. The ESRI carries out the Savings and Investment Index research to ensure the indices represent a national sample.