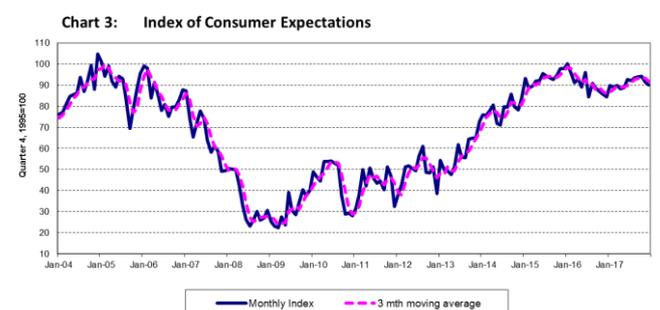
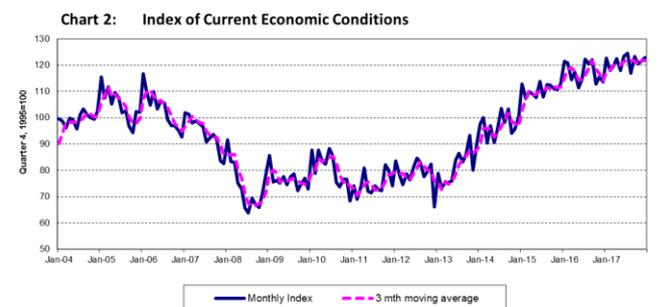
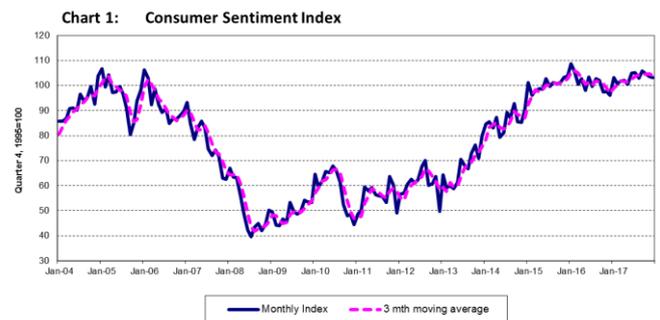


Consumer sentiment ended the year relatively unchanged, with the Index falling back slightly by 0.4 index points to 103.6 for December 2017 (Chart 1). Similarly to November, the minor monthly decline in December is driven by a fall in the Index of Consumer Expectations. More broadly, looking back across 2017, the Index has risen by 7.0 points indicating a continued strengthening of consumer activities in line with the improvements in the domestic economy.

Current Economic Situation

The Index of Current Economic Conditions tracks developments in consumer’s personal financial situation over the past 12 month as well as their views on whether the present represents a good time to make major purchases. The Index (Chart 2) increased by 1.2 index points to 122.9 in December 2017. The rise was driven by an increasingly positive perception of current financial circumstances relative to 12 months ago (+1.5 index points) along with greater confidence regarding the purchase of major household items (+1.0 index points). These household purchases are 9.1 index points higher than December 2016, indicating a strengthening household perception towards the buying climate and their own financial circumstances.

The Index of Consumer Expectations (Chart 3) tracks consumers’ outlook on future economic developments over the next year, more specifically regarding their personal finances and the broader economy. The Index declined by -1.5 index points to 90.0 in December 2017. The monthly decrease was due to weakened perceptions surrounding future personal financial situations, whereas economic and employment expectations remained flat, increasing by 0.5 and 0.0 index point respectively. Despite their broad optimism surrounding the wider economy, households appear to be more pessimistic about the outlook for their own finances going into 2018.



Personal Financial Situation

In December 2017, consumers' perceptions of their current and future financial situations diverged. While many feel their situation has improved in the last year (+1.5 index points), there has been a fall back in terms of their future expectations on their financial circumstances (-4.8 index points). This most recent divergence is consistent with recent Index reports which have shown households more cautious on their own circumstances and more bullish with regard to the broader economic recovery. The ongoing international uncertainties could potentially play a role in explaining the moderation in households forward looking view on their personal circumstances.

Overall, when compared with the respective figures over the past 12 months, a continued trend of moderate improvements in personal financial outlooks both with respect to current circumstances (+9.7 index points) and future expectations (+3.9 index points) is observed.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	Dec. 2016	Nov. 2017	Dec. 2017
Overall Consumer Sentiment Index	91.0	↓0.4	96.2	103.6	103.2
Index of Current Conditions	105.0	↑1.2	113.6	121.7	122.9
Index of Consumer Expectations	81.5	↓1.5	84.5	91.5	90.0
Personal Financial Situation over last 12 months	79.5	↑1.5	96.5	104.6	106.2
Personal Financial Situation over next 12 months	98.8	↓4.8	112.0	120.7	115.9
General Economic Outlook	64.6	↑0.5	60.1	64.8	65.3
Outlook for Unemployment	85.4	0.0	86.4	94.8	94.8
Major Purchases	126.0	↑1.0	127.6	135.7	136.8

(1) Index values: Quarter 4, 1995 = 100.

(2) Average value between December 2012 and December 2017

Disclaimer

This report has been reviewed prior to publication. The authors are solely responsible for the content and the views expressed.

Notes

The Index of Consumer Expectations is based on consumers' perceptions of their future financial situation, their economic outlook for the country as a whole and employment expectations. The Index of Current Economic Conditions is based on how consumers feel about their current financial circumstance compared with 12 months ago, as well as their perception of the current buying environment for large household purchases.

The data are obtained from telephone interviews during the first two weeks of the month with around 800 completed questionnaires. The data are re-weighted in line with gender, age and level of educational attainment to ensure the data were fully representative of the national population of adults. Each index is calculated by computing the relative scores (the percent giving favourable replies minus the percent giving unfavourable replies (the balance), plus 100) for each question used in the different indices. Those who reply "Don't Know", "Remain the same" are excluded from the index calculations. Each relative score is rounded to the nearest whole number. The sum of the relative scores is then divided by the base period total for each index. More details on www.esri.ie.

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Historic data from April 1996 are available on the ESRI website, www.esri.ie and on the KBC Bank Ireland website, www.kbc.ie. A detailed methodology note outlining how the indices are constructed and the most recent release are also available on the websites.

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