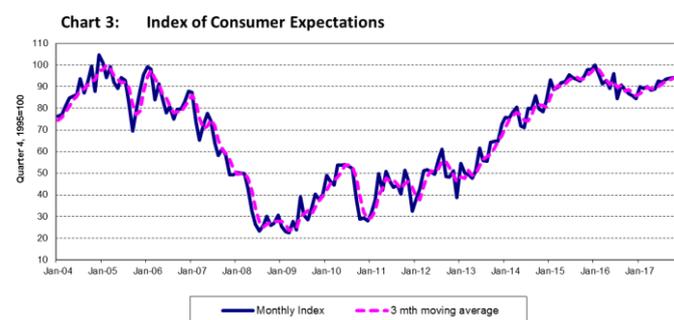
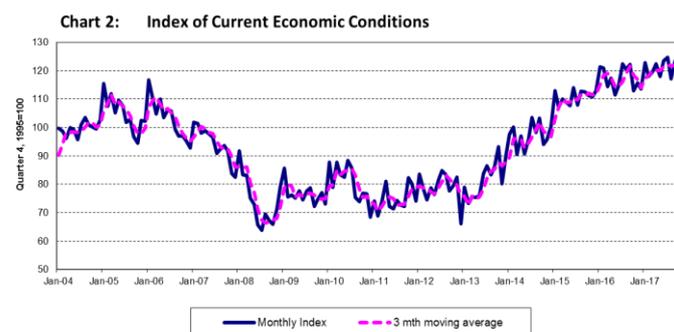
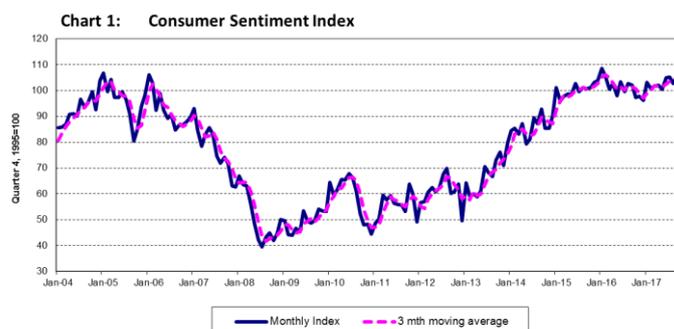


Consumer Sentiment declined in October 2017 to 104.8, down from 105.8 index points in September (Chart 1). While the month-on-month figure has declined, the index value still exceeds the 2017 average of 103.2 as well as the 97.3 index points seen this time last year. The decline for October 2017 is driven by a fall in the Index of Current Conditions. The Index of Consumer addressing future economic developments has slowed its ascent but continues to rise.

### 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 the current climate for making major purchases. The Index (Chart 2) decreased by 2.8 monthly index points to 120.5 in October 2017. The decline was driven by diminishing views over the household’s own financial situation (-4.1 index points) along with a decrease in optimism regarding the purchase of household equipment (-1.8 index points).

The Index of Consumer Expectations (Chart 3) reflects consumers’ outlook on future economic developments over the next year. The index has continued its slow rise for October 2017 from 94.0 to 94.3 index points. This is driven mainly by improvements in the labour market although the slight falls in expectations towards households’ financial outlooks has pulled back expectations. As the labour market has improved considerably in recent months, this is undoubtedly feeding through to households’ assessment of employment opportunities. With expectations strongly positive for the labour market, yet views on personal finances expected to remain subdued, the results suggests that households may not be experiencing a trickle-down effect of the improving economy.



## Personal Financial Situation

In October 2017 consumer's views over their personal finances, both past and future, have weakened. Overall households feel their finances have worsened when compared to 12 months ago, with the index decreasing by 4.1 points. Expectations regarding households' future financial situation have also weakened but at a slower pace, decreasing by 1.2 index points in October. It must be noted, however, that the index level is far more positive than October 2016. Compared to our 2017 averages of 103.0 and 120.8 for the past and future respectively, we continue to see improvements in personal financial outlooks.

Table 1: Survey Index Results

Measure <sup>1</sup>	Long-Run average <sup>2</sup>	Δ month-on-month	October 2016	Sept. 2017	October 2017
Overall Consumer Sentiment Index	89.6	↓1.0	97.3	105.8	104.8
Index of Current Conditions	103.6	↓2.8	112.9	123.4	120.5
Index of Consumer Expectations	80.2	↑0.3	86.9	94.0	94.3
Personal Financial Situation over last 12 months	76.6	↓4.1	90.2	107.5	103.4
Personal Financial Situation over next 12 months	97.0	↓1.2	115.9	122.7	121.5
General Economic Outlook	63.7	↓0.1	62	68.6	68.5
Outlook for Unemployment	83.9	↑3.2	87.5	95.8	98.9
Major Purchases	125.1	↓1.8	131.6	136.4	134.7

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

(2) Average value between October 2012 and October 2017



## CONSUMER SENTIMENT INDEX, OCTOBER 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](http://www.esri.ie).

For further information contact

Austin Hughes – Chief Economist, KBC Bank Ireland– (01) 664 6889

or

Conor O'Toole – Senior Research Officer, ESRI – (01) 863 2046

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

KBC Bank Ireland, Sandwith Street, Dublin 2, Tel: 01-664 6889, Fax: 01-664 6898, Web: [www.kbc.ie](http://www.kbc.ie)

ESRI, Whitaker Square, Sir John Rogerson's Quay, Dublin 2, Tel: 01-863 2000, Web: [www.esri.ie](http://www.esri.ie)