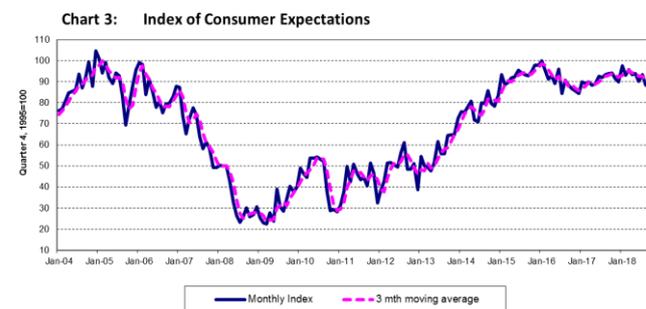
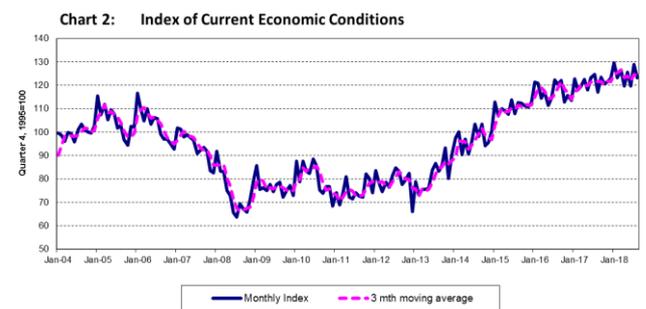
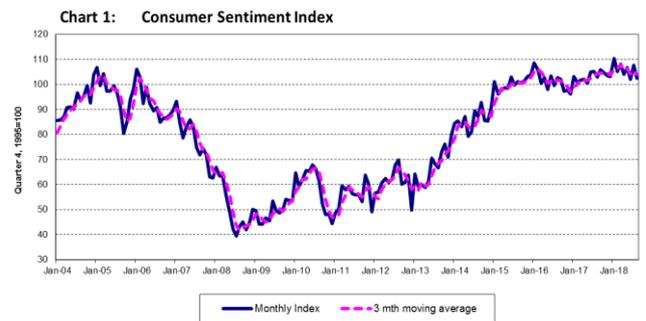


The Consumer Sentiment Index (Chart 1) fell in August to 102.4 index points, decreasing by 5.2 points from the previous month. Relative to August 2017, the index decreased by 0.5 index points. While sentiment weakened in terms of current conditions and consumer expectations, lower economic expectations and less appetite towards major household purchases acted as the main driver of the downward revisions.

Current Economic Situation

The Index of Current Economic Conditions tracks developments in consumers' personal financial situations 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) decreased by 5.7 index points between July and August, reaching 123.2. On an annual basis, confidence in current conditions increased by 5.2 index points, suggesting that current conditions, while volatile, are still gradually trending upwards. While weak sentiment towards major household purchases fuelled most of this month's loss, from an annual perspective both subcomponents experienced notable gains in confident.

The Index of Consumer Expectations tracks consumers' outlook with respect to future economic developments over the next year, taking into account expectations of their future personal finances as well as broader economic performance. Compared to June, the Index (Chart 3) declined by 5.0 index points to 88.4 marking its lowest point since April 2017. Accumulating concerns about the general economy appear to be increasingly burdening the formation of long-run expectations, with annual changes in the growth and labour market outlooks now outweighing monthly changes.



Personal Financial Situation

Households have revised perceptions of current financial circumstances and expected improvements downwards in August. This reduction in confidence resulted in current financial conditions falling by 3.3 index points relative to July. Expected financial situations over the next 12 months also weakened, falling by 5.8 index points. Although both indicators still remain highly positive, long-run expectations of financial situations should be expected to continue inhibiting consumer spending.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	Aug. 2017	July. 2018	Aug. 2018
Overall Consumer Sentiment Index	96.8	↓5.2	102.9	107.6	102.4
Index of Current Conditions	111.2	↓5.7	117.0	128.9	123.2
Index of Consumer Expectations	87.0	↓5.0	93.3	93.4	88.4
Personal Financial Situation over last 12 months	88.2	↓3.3	103.2	110.8	107.5
Personal Financial Situation over next 12 months	107.3	↓5.8	118.2	121.4	115.6
General Economic Outlook	68.1	↓6.4	71.7	70.6	64.2
Outlook for Unemployment	90.1	↓1.3	94.4	91.6	90.4
Major Purchases	130.3	↓7.6	128.4	143.7	136.1

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

(2) Average value between August 2013 and August 2018

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. The most recent releases are also available on the website.

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