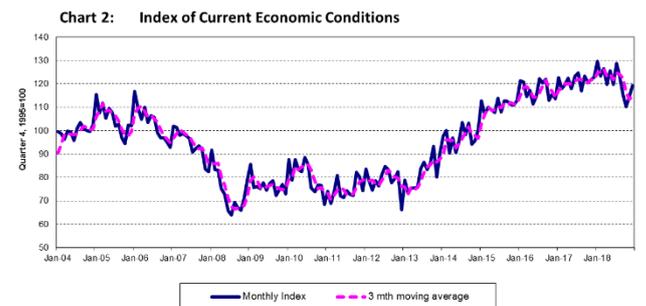
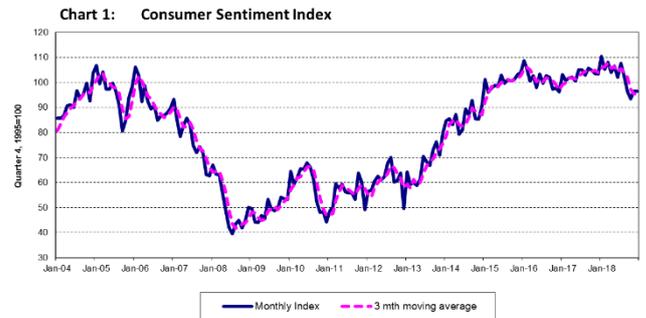


The Consumer Sentiment Index (Chart 1) remains level at 96.5 points between November and December. While consumers experienced a significant improvement in current conditions, this was offset by a loss of confidence in terms of future expectations. This continued decline in consumer expectations is likely a symptom of increased uncertainty with respect to ongoing Brexit negotiations as the likelihood of a No-Deal scenario rises.

### 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) increased by 4.6 index points between November and December, rising to 119.2. On an annual basis, the Index of Current Economic Conditions remains subdued, 3.7 index points below December 2017. Similarly, while major purchases have improved relative to last month, December 2018 marks the fourth consecutive month of year-on-year declines.

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 November, the Index (Chart 3) fell by 3 index points to 81.2. Concerns about the domestic economy weigh strongly on the index. As of December 2018, the general economic outlook has fallen below the 50 point index region (-6 points), suggesting the majority of individuals expect weaker economic performance over the next 12 months. The outlook for unemployment has also worsened, as concerns about global risk factors intensify in December.



## Personal Financial Situation

Households have remained confident about their respective financial situations over the last 12 months, as reflected by a 9.0 index point rise between November and December. However, slightly less confidence has been exhibited relative to the same period last year. Assessments regarding expected personal finances suggest respondents anticipate a far more gradual improvement over the next 12 months as reflected by the 1.7 index point rise. Though consumers have exhibited a strong downturn in sentiment in the final quarter of 2018, this appears to be mostly a result heightened uncertainty rather than due to a deterioration in macroeconomic conditions or living standards.

**Table 1: Survey Index Results**

Measure <sup>1</sup>	Long-Run average <sup>2</sup>	Δ month-on-month	Dec. 2017	Nov. 2018	Dec. 2018
Overall Consumer Sentiment Index	98.3	↑0.1	103.2	96.5	96.5
Index of Current Conditions	113.2	↑4.6	122.9	114.6	119.2
Index of Consumer Expectations	88.4	↓3.0	90.0	84.3	81.2
Personal Financial Situation over last 12 months	91.2	↑9.0	106.2	96.2	105.2
Personal Financial Situation over next 12 months	110.2	↑1.7	115.9	117.6	119.3
General Economic Outlook	68.2	↓6.0	65.3	54.5	48.5
Outlook for Unemployment	91.3	↓4.7	94.8	86.8	82.1
Major Purchases	131.3	↑1.0	136.8	129.7	130.8

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

(2) Average value between December 2013 and December 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](http://www.esri.ie).

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

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