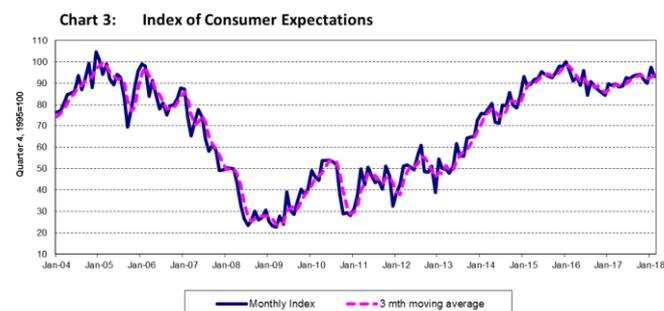
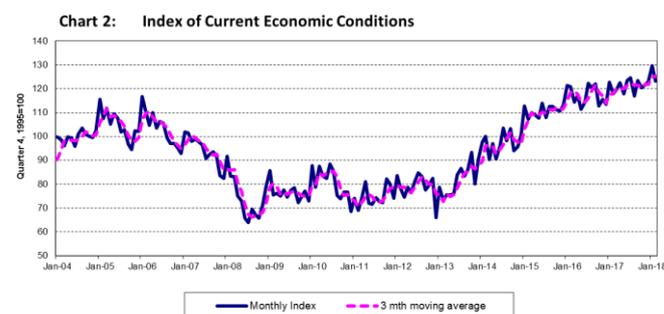
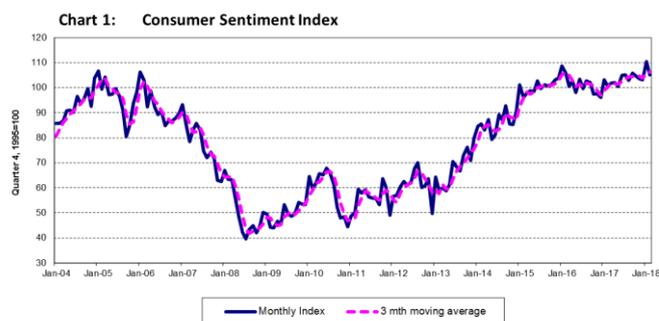


For February 2018, all three of the main indices decreased significantly. While this fall is broadly based, it does not fully reverse the gains experienced in January. As the Consumer Sentiment Index (Chart 1) indicates, confidence has trended upwards since the early months of 2013. Though the index fell by 5.2 index points on a monthly basis, consumer sentiment rose by 4.5 index points compared to February of last year.

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) fell by 6.3 index points to 123.3 for February 2018. Although households' views of their financial positions had improved, increased confidence was outweighed by a stronger set of diminished views regarding major household purchases. This is reflected by sentiment specifically towards major purchases falling by 14.2 index points. Additionally, this shift in attitudes towards major purchases has led to a 0.3 index point fall on an annual basis.

The Index of Consumer Expectations (Chart 3) tracks consumers' outlook with respect to future economic developments over the next year, taking into account respondents' expectations of their future personal finances as well as of the broader economy's performance. The Index fell by 4.4 index points in February 2018. Weaker positive sentiment towards future personal finances acted as the main driver of this change, falling on both an annual and monthly basis. Outlooks regarding the economy experienced a more tempered decline, with unemployment expectations decreasing by 3.3 index points while the overall economic outlook fell by 1.5 index points.



Personal Financial Situation

A mixed story emerges when focusing up individuals personal financial outlooks. Relative to January, more households indicated that their personal financial situation improved in the past 12 months (+3.3 index points). Annually, consumers mark an even greater improvement (+12.3 index points). However, when asked about future financial situations for February 2018, respondents indicated a diminished outlook both on a monthly (-8.4 index points) and annual basis (-6.6 index points). Although it may be possible that recent uncertainty regarding global financial market stability has played a role, the general economic outlook's moderate monthly fall and annual gain suggests this influence is insignificant. Instead, caution appears to be the important characteristic to consider here. This fall has functioned as a correction to the 9.7 index point rise in future expectations of personal finances in the previous month.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	Feb. 2017	Jan. 2018	Feb. 2018
Overall Consumer Sentiment Index	92.6	↓5.2	100.7	110.4	105.2
Index of Current Conditions	106.8	↓6.3	117.9	129.6	123.3
Index of Consumer Expectations	83.1	↓4.4	89.1	97.5	93.1
Personal Financial Situation over last 12 months	81.8	↑3.3	99.0	108.0	111.3
Personal Financial Situation over next 12 months	101.1	↓8.4	123.7	125.6	117.1
General Economic Outlook	65.7	↓1.5	61.3	73.4	71.8
Outlook for Unemployment	86.7	↓3.3	86.8	98.0	94.7
Major Purchases	127.4	↓14.2	133.5	147.4	133.2

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

(2) Average value between February 2013 and February 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. A detailed methodology note outlining how the indices are constructed and the most recent release are also available on the website.

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