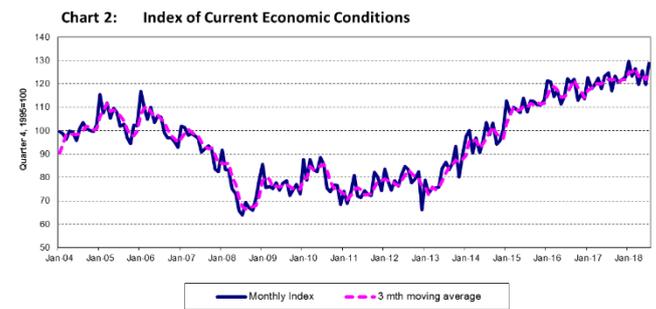
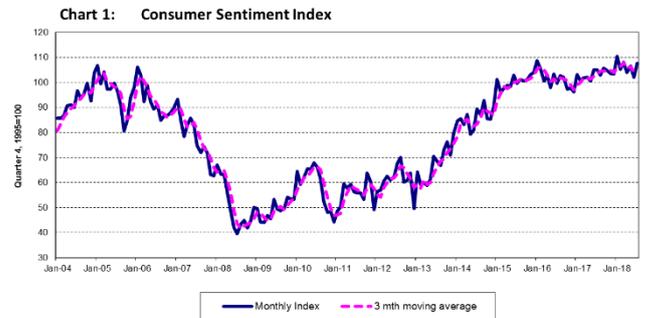


The Consumer Sentiment Index (Chart 1) rose strongly in July to 107.6 index point, up 5.5 points from June 2018. Sentiment is also up on a year-on-year basis indicating a strengthened confidence among consumers as we enter the summer period. While increased positive sentiment has been experienced across all subcomponents of Consumer Sentiment, consumer's views on current conditions contributed most of the overall gain.

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) rose by 9.1 index points between June and July, reaching 128.9. On an annual basis, confidence in current conditions increased 4.3 index points. While current personal financial situations have improved, it appears the double digit improvement with respect to major household purchases fuelled most of this month's gain. This displays households increasing confidence that now is a good time to spend and invest.

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) rose by 3.1 index points to 93.4. Sentiment regarding both future economic growth and labour market expectations improved, rising by 2.8 and 1.9 index points, respectively.



Personal Financial Situation

In July, households have signalled an improvement both in current and expected financial situations. Improved confidence with respect to current financial conditions resulted in a 5.8 index point rise relative to June. Expected financial situations over the next 12 months also improved, increasing by 4.2 index points. Both indicators remain highly positive, suggesting consumers remain optimistic in general about their own personal finances.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	July 2017	June 2018	July 2018
Overall Consumer Sentiment Index	96.2	↑5.5	105.1	102.1	107.6
Index of Current Conditions	110.6	↑9.1	124.6	119.8	128.9
Index of Consumer Expectations	86.5	↑3.1	92.0	90.3	93.4
Personal Financial Situation over last 12 months	87.1	↑5.8	103.3	105.0	110.8
Personal Financial Situation over next 12 months	106.5	↑4.2	120.0	117.2	121.4
General Economic Outlook	67.8	↑2.8	68.0	67.8	70.6
Outlook for Unemployment	89.7	↑1.9	92.6	89.7	91.6
Major Purchases	130.0	↑11.8	142.2	131.9	143.7

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

(2) Average value between July 2013 and July 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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