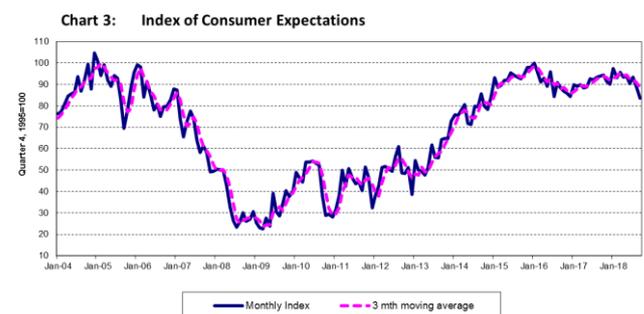
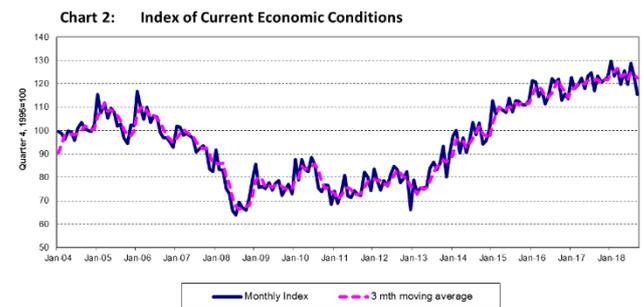
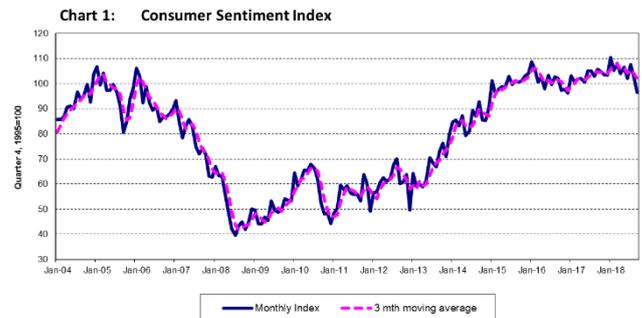


The Consumer Sentiment Index (Chart 1) fell in September to 96.4 index points, decreasing by 6 points from the previous month. Relative to the same period last year, the index has declined further by nearly 10 points. This loss of confidence was broad-based as reflected by declines in both current conditions and consumer expectations. While labour market expectations remain slightly positive among respondents, tensions, particularly with respect to personal financial situations, experienced major downward revisions. Deflating optimism with respect to the prospect of avoiding a no-deal Brexit scenario is likely contributing towards weakened confidence.

## 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 7.8 index points between August and September, reaching 115.4. On an annual basis, confidence in current conditions fell 8 index points. While September 2018 now marks the greatest decline in confidence regarding current conditions since 2011, the index value suggests respondents remain strongly positive. Significant declines took place both in terms of appetites for major household purchases and through greater dissatisfaction in personal financial situations.

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 August, the Index (Chart 3) declined by 4.7 index points to 83.7 marking its lowest point since late 2014. Accumulating concerns about the general economy resulted in a 5.3 index point decline, while unemployment prospects rose slightly for the month. The general economic outlook now threads precariously close to the 50 point index region, which upon passing would signal the majority of respondents anticipate Ireland's economic situation getting worse over the next 12 months.



## Personal Financial Situation

Much like in August, September saw households revise their perceptions of financial circumstances downward. This reduction in confidence resulted in households' views of their current financial situation falling by 10 index points relative to August. On a year-on-year basis, this marks the greatest loss of confidence since 2010. However, at 97.5 index points, respondents currently remain largely positive. Household's expectations regarding their financial position over the next 12 months also weakened, falling by 7.6 index points relative to August. Similarly, the year-on-year fall of 14.7 index points exceeds any note of a decline in expectations since mid-2011. With both elements of attitudes towards personal finances experiencing major declines, this may signify major anxieties accumulating among respondents.

Table 1: Survey Index Results

Measure <sup>1</sup>	Long-Run average <sup>2</sup>	Δ month-on-month	Sept. 2017	Aug. 2018	Sept. 2018
Overall Consumer Sentiment Index	97.3	↓6.0	105.8	102.4	96.4
Index of Current Conditions	111.8	↓7.8	123.4	123.2	115.4
Index of Consumer Expectations	87.5	↓4.7	94.0	88.4	83.7
Personal Financial Situation over last 12 months	88.9	↓10.0	107.5	107.5	97.5
Personal Financial Situation over next 12 months	108.0	↓7.6	122.7	115.6	108.0
General Economic Outlook	68.3	↓5.3	68.6	64.2	58.8
Outlook for Unemployment	90.6	0.6	95.8	90.4	90.9
Major Purchases	130.6	↓6.0	136.4	136.1	130.1

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

(2) Average value between September 2013 and September 2018

## Disclaimer

This report has been reviewed prior to publication. The authors are solely responsible for the content and the views expressed.

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## 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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