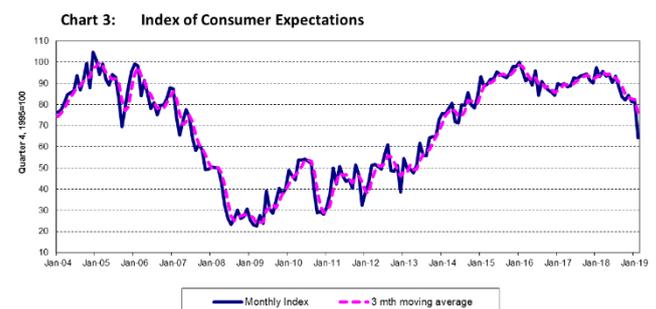
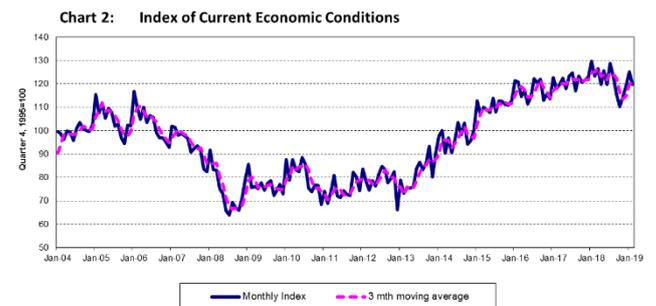
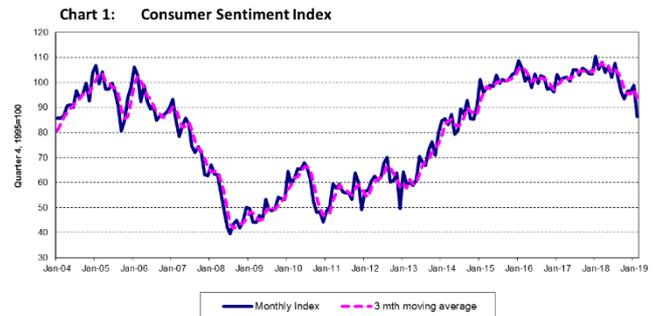


The Consumer Sentiment Index (Chart 1) signalled a significant decline in confidence in February, declining by 12.3 points to its lowest level since late 2014. While a strong reduction in consumer expectations was the primary driver of this development, a downward revision of outlooks regarding current economic conditions also contributed to the overall loss in 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 5.4 index points between January and February to 119.7 points. Household perspectives of both their own current financial situations and opportunities to make major purchases deteriorated, declining from January levels by 2.9 points and 7.5 points, respectively. Irrespective of recent changes in household views, there is a significantly positive consensus on conditions having improved.

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 January, the Index (Chart 3) fell by 17 index points to 64.1, representing the largest monthly decline in expectations since August 2001. Between January and February, the unemployment outlook declined by 24.7 index points while the general economic outlook fell by 11.8 index points. While the majority of individuals expect the conditions of domestic economy to worsen over the next 12 months, the unemployment outlook remains positive regardless of this strong correction. Any improvement in the likely outcome of the UK withdrawal process may contribute to a recovery in recent confidence losses.



Personal Financial Situation

Views of households' own personal finances have weakened both in terms of present conditions and future expectations. With respect to current finances, respondents have signalled a 2.9 index point decline between January and February. A loss of confidence in expected changes resulted a 17.8 point decline for the same period. While current conditions have somewhat deteriorated, it is clear that the majority of concerns surrounding personal finances stem from the uncertainties that households face. With the global economy continuing to slow and potential extensions to Brexit uncertainty, such cautions are likely to continue being exhibited.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	Feb. 2018	Jan. 2019	Feb. 2019
Overall Consumer Sentiment Index	98.7	↓12.3	105.2	98.8	86.5
Index of Current Conditions	114.1	↓5.4	123.3	125.1	119.7
Index of Consumer Expectations	88.3	↓17.0	93.1	81.1	64.1
Personal Financial Situation over last 12 months	92.7	↓2.9	111.3	107.2	104.3
Personal Financial Situation over next 12 months	111.1	↓17.8	117.1	116.3	98.5
General Economic Outlook	67.4	↓11.8	71.8	47.3	35.4
Outlook for Unemployment	91.1	↓24.7	94.7	88.1	63.4
Major Purchases	131.8	↓7.5	133.2	139.8	132.3

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

(2) Average value between February 2014 and February 2019

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.

For further information contact

Austin Hughes – Chief Economist, KBC Bank Ireland– (01) 664 6889

or

Philip Economides – Research Assistant, ESRI – (01) 863 2045

Conor O'Toole – Senior Research Officer, ESRI – (01) 863 2046

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.

KBC Bank Ireland, Sandwith Street, Dublin 2, Tel: 01-664 6889, Fax: 01-664 6898, Web: www.kbc.ie

ESRI, Whitaker Square, Sir John Rogerson's Quay, Dublin 2, Tel: 01-863 2000, Web: www.esri.ie