

There were mixed results with the latest release of the Consumer Sentiment index in August. The main Index increased to 102.7 from 99.6 in July. The Index of Consumer Expectations increased to 90.8 this month from 84.4 in July. The Index of Current Economic Conditions which focuses on consumers' views of the present situation fell in August to 102.4, a moderate decrease of 1.9 index points on the previous month. The moving averages for all three indices increased this month.

General Economic Situation

With respect to future economic conditions, there has been a moderate recovery in sentiment in August following a large decline in July. The proportion of people reporting feeling positive this month increased to 45 per cent from 41 per cent in July. There was also an improvement in relation to future employment prospects. There was an 8 percentage point increase in the proportion of positive responses, moving up to 45 per cent in August. This was coupled with a decrease in the proportion of negative responses of 5 percentage points. The net result was an increase in this component of nearly 10 index points this month. Consumer's outlook for making major purchases also improved, albeit marginally. This component increased by 1.9 index points up to 140.9 and consisted of people moving away from a neutral outlook to a more positive one.

Chart 1: Consumer Sentiment Index

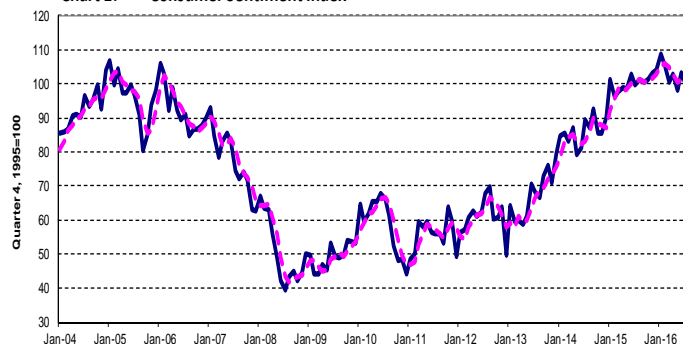


Chart 2: Index of Consumer Expectations

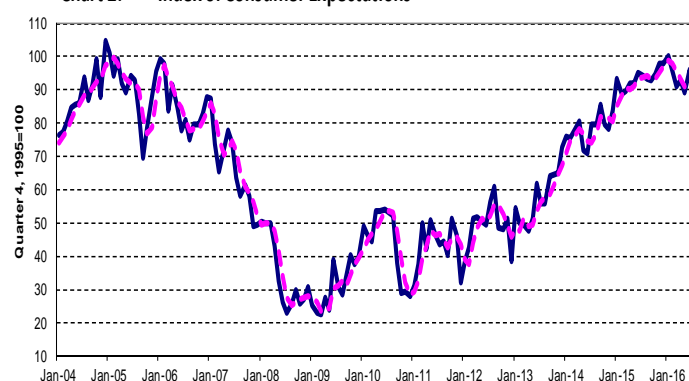


Chart 3: Index of Current Economic Conditions



Personal Financial Situation

Consumer's views on their past and present personal financial situation diverged this month. The component asking how people feel about their personal financial situation compared with 12 months ago fell in August to 95.6 from 102.0 in July. This consisted of an increase of 5 percentage points in those who view their current personal financial situation negatively when compared with 12 months ago.

Consumers are however feeling more positive about their financial situation 12 months from now, with the proportion of respondents feeling positive increasing from 25 per cent in July to 30 per cent this month.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	Aug 2015	July 2016	Aug 2016
Overall Consumer Sentiment Index	80.0	↑3.1	101.1	99.6	102.7
Index of Current Conditions	94.2	↓1.9	112.6	122.3	120.4
Index of Consumer Expectations	70.5	↑6.4	93.4	84.4	90.8
Personal Financial Situation over last 12 months	64.4	↓6.4	93.8	102.0	95.6
Personal Financial Situation over next 12 months	84.3	↑2.9	114.7	115.7	118.6
General Economic Outlook	56.8	↑7.3	75.6	59.4	66.7
Outlook for Unemployment	73.7	↑9.9	93.0	81.9	91.8
Major Purchases	118.9	↑1.9	128.2	139.0	140.9

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.

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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 February 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 websites.

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