

This month's data indicates declines in the headline Index as well as the two main sub-indices. The Consumer Sentiment Index fell in May to 98.1 from 102.7 in April. The Index of Consumer Expectations fell to 89.1 in this month from 92.9 in April. The Index of Current Economic Conditions which focuses on consumers' views of the present situation also declined in May to 111.4, a fall of 5.9 index points on the previous month. The 3-month moving averages, which smooth out some of the monthly volatilities, have experienced marginal declines this month.

General Economic Situation

Consumers appear to view all aspects of the economy more negatively this month. With respect to future economic conditions, there has been an increase in the proportion of people reporting feeling negative this month, increasing to 17 per cent from 15 per cent in April. Meanwhile those feeling positive about future economic conditions remains unchanged at 49 per cent. There was also a decline of 6.8 index points this month in how consumers perceive future employment prospects. The loss was a result of a decrease to 42 per cent in the proportion of positive responses coupled with an increase in the proportion of negative responses, moving from 20 per cent last month to 23 per cent this month. Consumer's outlook for making major purchases also showed signs of waning in May. This component decreased by 5.9 index points down to 124.8 and consisted of people moving away from a positive or neutral outlook towards a negative one.

Chart 1: Consumer Sentiment Index



Chart 2: Index of Consumer Expectations



Chart 3: Index of Current Economic Conditions



— Monthly Index — 3 mth moving average

Personal Financial Situation

Consumers also appear to have a more negative view about their past and future personal financial situation this month. The component asking how people feel about their personal financial situation compared to 12 months ago decreased in May to 95.2 from 101.0 in April. This consisted of a decline of 4 percentage points in those who view their current personal financial situation positively when compared to 12 months ago.

Consumers are also feeling more negative about their financial situation 12 months from now, with the proportion of respondents feeling positive decreasing from 31 per cent in April to 25 per cent this month. There was also a decrease of 1 percentage points in the proportion of respondents reporting feeling negative in relation to their future financial situation with the majority of respondents maintaining a neutral outlook. This culminated in a net decrease in this component from 119.6 in April to 114.5 in May.

Table 1: Survey Index Results

| Measure ¹ | Long-Run average ² | Δ month-on-month | May 2015 | April 2016 | May 2016 |
|--|-------------------------------|------------------|----------|------------|----------|
| Overall Consumer Sentiment Index | 77.8 | ↓4.6 | 98.5 | 102.7 | 98.1 |
| Index of Current Conditions | 91.9 | ↓5.9 | 107.7 | 117.3 | 111.4 |
| Index of Consumer Expectations | 68.3 | ↓3.8 | 92.2 | 92.9 | 89.1 |
| Personal Financial Situation over last 12 months | 61.2 | ↓5.8 | 82.9 | 101.0 | 95.2 |
| Personal Financial Situation over next 12 months | 81.5 | ↓5.1 | 104.7 | 119.6 | 114.5 |
| General Economic Outlook | 55.3 | ↓1.1 | 77.0 | 68.7 | 67.6 |
| Outlook for Unemployment | 71.4 | ↓6.8 | 100.1 | 95.8 | 89.0 |
| Major Purchases | 117.3 | ↓5.9 | 128.2 | 130.7 | 124.8 |

Index values: Quarter 4, 1995 = 100.
Average value between May 2011 and May 2016.

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 to 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 was 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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