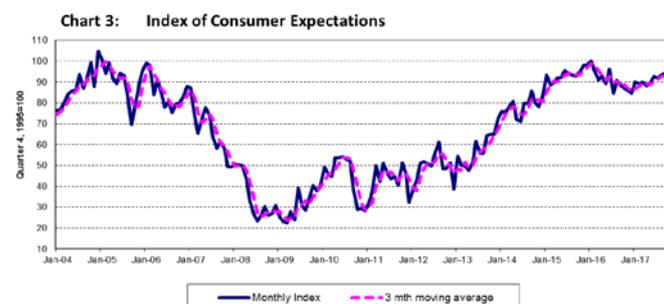
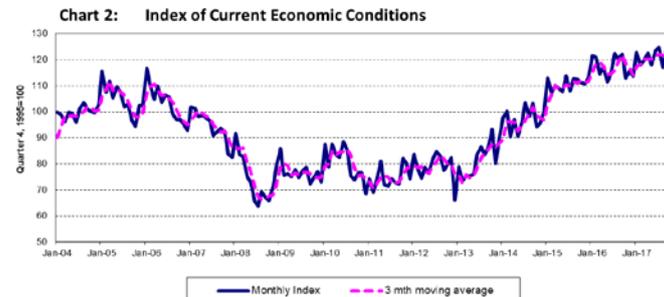
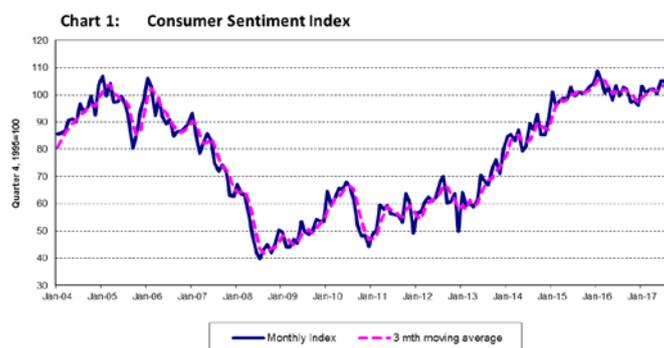


The Consumer Sentiment Index increased in September 2017 to 105.8 up from 102.9 index points in August (Chart 1). After a downturn in August this represents a return to the trend of rising sentiment observed since the beginning of the year. The increase in the index has been mainly driven by a rising optimism amongst Irish households in regard to their views on current economic conditions. Consumer expectations concerning future developments improved modestly.

Current Economic Situation

The general rise in the Consumer Sentiment Index in September 2017 has been driven by optimistic consumer's opinions on current economic conditions. The Index of Current Economic Conditions (Chart 2) increased by 6.4 monthly index points to 123.4 in September 2017. Consumers appear to feel particularly optimistic about the buying climate with the overall sentiment towards large household purchases increasing by 8.0 index points. Improved views over the household's financial situation (+4.4 index points) also helped pushing up the Index of Current Economic Conditions.

The Index of Consumer Expectations (Chart 3) reflects consumers' outlook on future economic developments over the next year. The index has increased only modestly in September 2017 from 92.7 to 93.1 index points. This is driven by positive expectations for personal finances (+4.6 index points) and improvements in the labour market (+1.4 index points). However, the positive orientation of labour conditions must be weighted against deteriorating views over the economic situation in the coming 12 months (-3.1 index points).



Personal Financial Situation

In September 2017 consumer's views over their personal finances, both past and future, have improved. Overall households feel their finances have improved when compared to 12 months ago, with the index increasing by 4.4 points. Expectations regarding households' future financial situation have improved at similar pace, increasing by 4.6 index points in September.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	Sept. 2016	August 2017	Sept. 2017
Overall Consumer Sentiment Index	88.9	↑2.9	102.0	102.9	105.8
Index of Current Conditions	102.9	↑6.4	122.1	117.0	123.4
Index of Consumer Expectations	79.4	↑0.7	88.4	93.3	94.0
Personal Financial Situation over last 12 months	76.6	↑4.4	101.5	103.2	107.5
Personal Financial Situation over next 12 months	96.1	↑4.6	116.7	118.2	122.7
General Economic Outlook	63.2	↓3.1	63.9	71.7	68.6
Outlook for Unemployment	83.1	↑1.4	89.5	94.4	95.8
Major Purchases	124.6	↑8.0	139.1	128.4	136.4

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

(2) Average value between September 2012 and September 2017

Disclaimer

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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. 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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