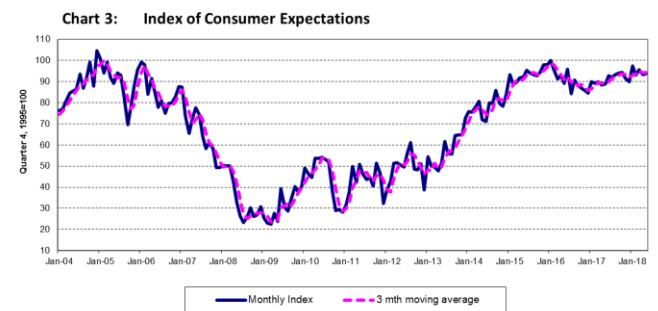
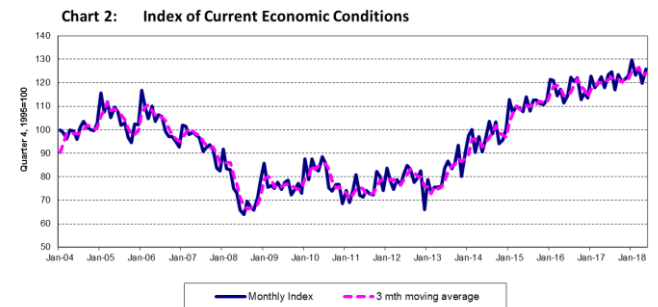
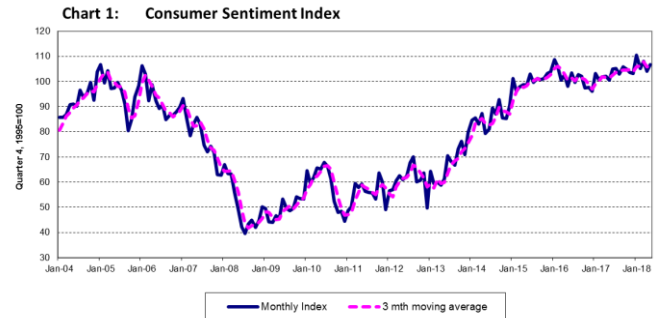


The Consumer Sentiment Index (Chart 1) increased in May to 106.7 index points. On an annual basis, the Index rose by 6.2 points. This improvement mainly stems from an improved outlook with respect to current economic conditions: households were more positive about how their personal financial situation changed over the past 12 months as well as whether it was a good time to make larger purchases. However, consumers' were a little more restrained in terms of their future economic outlook.

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) rose by 5.9 index points to 125.7 for May 2018. On an annual basis, the Index rose by 7.7 index points. Compared to April, households' views on their personal financial situation improved by 4.0 index points while their attitude towards major household purchases increased by 7.4 index points. The strong performance of both components reflects the ongoing improvement in the domestic economy.

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. The Index (Chart 3) rose slightly to 93.9 in May (+0.5 index points). Sentiment regarding future economic growth and expected personal finances fell marginally by 0.1 and 0.7 index points, respectively. Following the 8.7 index point fall in labour market outlooks last month, respondents revised their views slightly upwards, leading to a 3.2 index point rise in May.



Personal Financial Situation

In May, more households indicated that their personal financial situation improved over the last 12 months (+4.0 index points). Attitudes towards expected financial situations over the next 12 months fell modestly to 121.5 index points. On an annual basis, views of expected financial circumstances improved modestly by 1.2 index points. Although consumers have reported a prolonged period of improved current conditions, they are slightly less bullish in terms of the future outlook. While contributing factors may include continued legacy effects from the previous crisis and Brexit, the results point to many Irish consumers still remaining uncertain as to the future outlook.

Table 1: Survey Index Results

| Measure ¹ | Long-Run average ² | Δ month-on-month | May. 2017 | Apr. 2018 | May. 2018 |
|--|-------------------------------|------------------|-----------|-----------|-----------|
| Overall Consumer Sentiment Index | 94.9 | ↑2.6 | 100.5 | 104.0 | 106.7 |
| Index of Current Conditions | 109.2 | ↑5.9 | 118.0 | 119.8 | 125.7 |
| Index of Consumer Expectations | 85.3 | ↑0.5 | 88.8 | 93.4 | 93.9 |
| Personal Financial Situation over last 12 months | 85.1 | ↑4.0 | 99.7 | 103.0 | 107.0 |
| Personal Financial Situation over next 12 months | 104.6 | ↓0.7 | 120.3 | 122.2 | 121.5 |
| General Economic Outlook | 67.0 | ↓0.1 | 62.7 | 69.7 | 69.5 |
| Outlook for Unemployment | 88.8 | ↑3.2 | 87.7 | 92.3 | 95.6 |
| Major Purchases | 129.1 | ↑7.4 | 133.1 | 133.7 | 141.0 |

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

(2) Average value between May 2013 and May 2018

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.

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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. The most recent releases are also available on the website.

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