

- Saving and Investment sentiment is increasing, influenced by an improvement in household attitudes towards savings and investment;
- There was an increase in the number of households saving and investing as well as the amount each household saves and invests. This potentially reflects improving economic situations; and
- More than fifty percent of households believe they are financially prepared for retirement

The Bank of Ireland/ESRI Savings and Investments Index measures the overall sentiment of Irish households towards savings and investments. The monthly Savings and Investment Index increased to 103 points in November from 100 in October. The monthly Savings and Investment Index is composed of two indexes, the Savings Index and the Investment Index, each comprising two sub-indexes, the Attitudes Sub-Index and the Environment Sub-Index.

### **Savings Index**

The monthly Savings Index increased to 104 points in November from 100 in October. The monthly Savings Attitudes Index, which asks people about their saving behaviour and how they feel about the amount they save, increased by 8 index points to 108 in November 2017. While more people are saving (+6 index points), existing savers are also increasing the volume of money that are putting away (+10 index points). This most likely reflects increasing household disposable income as the Irish labour market continues to witness falling unemployment and marginal increases in wages.

The Savings Environment Index, which explores households' views on the environment for savings, increased by only 1 index point to 101 November. A higher proportion of the respondents seem to believe now is a slightly worse time to save when compared with one month ago. Their attitude towards the future savings environment is more positive.

The Attitudes Index is higher than the Environment Index suggesting a divergence between households own experience and their views on the broader environment. This may reflect the divergence between the economic recovery domestically which is being observed by households and the more uncertain international broader climate where issues such as Brexit and uncertainty in the US prevail.

### **Investments Index**

Like its savings counterpart, the Investment Index measures how consumers feel about their ability to invest and monitors their investment patterns. The monthly Investment Index increased to 103 points in November from 100 in October.

The monthly Investment Attitudes Index increased by 6 index points to 100 in November and the Investment Environment Index decreased by 1 index point to 99 in November 2017. As with savings, households appear to be more bullish in terms of their attitude to investment and,

while more people invested this month than last (+3 index points), existing investors also appear to be increasing their investment amounts (+9 index points).

Irish Households seem to believe now is not a particular good time to invest (-4 index points), but they expect the environment to improve in six months' time (+1 index point).

### **Retirement Optimism Index**

Consumers indicate an increased negativity concerning how comfortably they will live in retirement with over 35 per cent of households indicating it will be difficult to live comfortably and 33 stating that it will neither be difficult nor easy. Consumer sentiment towards how prepared households were financially for retirement was more positive with about 55 per cent of households indicating some degree of preparation.

Commenting on the Bank of Ireland Savings and investments Index, Tom McCabe, Global Investment Strategist, Bank of Ireland Investment Markets said: "A key feature of October's Savings and Investment Index was the rise in sentiment toward saving among Irish households. This was a direct result of more Irish people thinking that now is a good time to save, a trend that has become more visible over the last number of years." "The initial data on investing clearly show that we are more a nation of savers than investors. This would suggest a preference for capital security on savings compared to potentially higher returns from investments. The low interest rate environment remains a big challenge for Irish savers. Against this backdrop, it will be interesting to see if sentiment towards investing improves over the medium term. The data from the Savings and Investment Index should help us tackle questions like this."

For media queries or interview opportunities, please contact:

Natalie Tennyson / Mark Leech @ Bank of Ireland

Tel: 083 1271277 / 087 905 3679

E: [natalie.tennyson@boi.com](mailto:natalie.tennyson@boi.com) / [mark.leech@boi.com](mailto:mark.leech@boi.com)

**Table 1 - Investment and Savings Index and sub-indexes, monthly (Base=October 2017)**

Month	Savings and Investment Index	Savings Index			Investment Index		
		Overall	Attitudes	Environment	Overall	Attitudes	Environment
Nov-16		95.5	100.6	90.3			
Dec-16		90.2	91.2	89.2			
Jan-17		94.8	98.3	91.3			
Feb-17		89.2	87.4	91.0			
Mar-17		96.3	100.6	92.1			
Apr-17		92.9	95.8	90.0			
May-17		94.8	95.9	93.7			
Jun-17		90.4	91.7	89.2			
Jul-17		95.1	96.9	93.3			
Aug-17		89.9	94.3	85.5			
Sep-17		98.0	102.7	93.4			
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	103.4	104.2	107.7	100.8	102.5	106.1	98.9

### The Savings and Investment Index

- The overall Bank of Ireland/ESRI Savings and Investment Index aims to capture the sentiment of Irish households towards their ability to save and invest, as well as the broader savings and investment environment. The Index combines two sub-indices on savings and investments to provide a broad understanding of household's views on their financial decision making.
- The monthly Savings and Investment Index increased to 103 points in November from 100 in October driven by an increase in both savings and investment attitudes. Respondent's views on the savings and investments environment is more muted, potentially reflecting broader international, economic uncertainties.
- The deepening economic recovery is likely providing households with some financial capacity to save or invest spare cash. This is potentially leading to more households undertaking these activities.

### The Savings Index

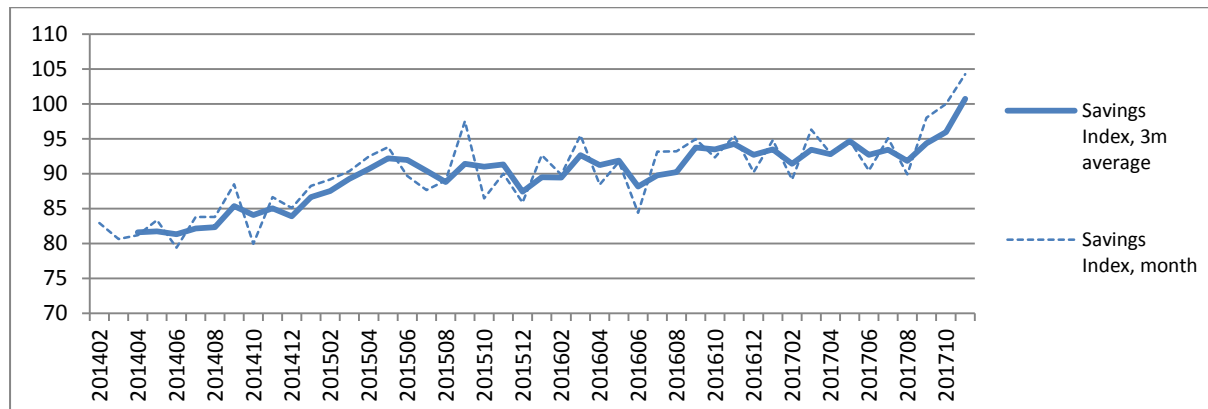
- The overall Savings Index is presented in Figure 2. As the Index continues the old ESRI/Nationwide UK monitor, it is possible to track its evolution from early 2014. The chart presents the level of the Index as well as a three month moving average to provide more insight into the trend.
- The monthly Savings Index increased to 104 points in November from 100 in October, and the three-month moving average rose to 101 points in November from 96 in October.

**Table 2 - Savings Index and components, monthly**

Month	Savings Index						
	Overall	Sav. Attitudes Index			Sav. Environment Index		
		Sav. A. Index	Do You Save	Savings Amount	Sav. E. Index	Good Time Save Now	Good Time Save 6 Months
Oct-17	<b>100</b>	<b>100</b>	100	100	<b>100</b>	100	100
Nov-17	<b>104</b>	<b>108</b>	106	110	<b>101</b>	99	103

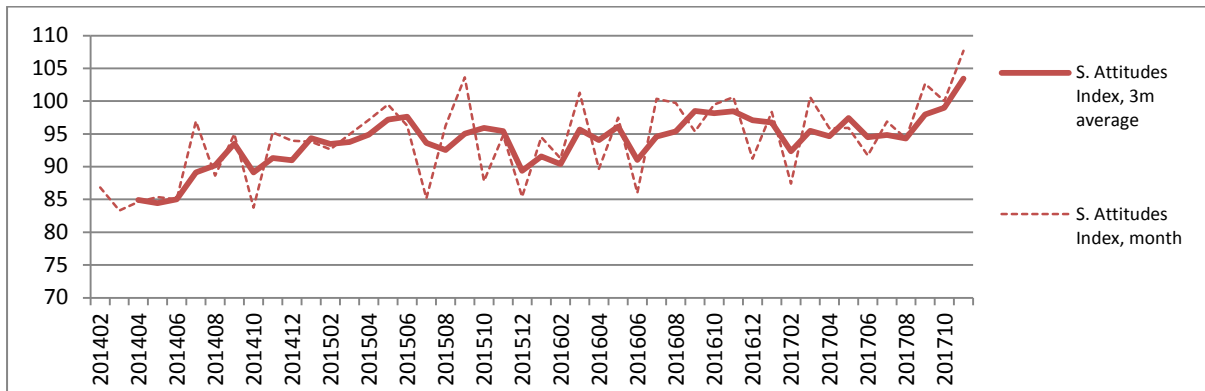
- The trend from early 2017 has been towards a rising savings sentiment. This is unsurprising as the overall economy is improving and households have more disposable income to move into savings. The improvement over the past four months may reflect pre-Christmas planning or household’s desire to build up savings buffers.

**Figure 2 - Savings Index**



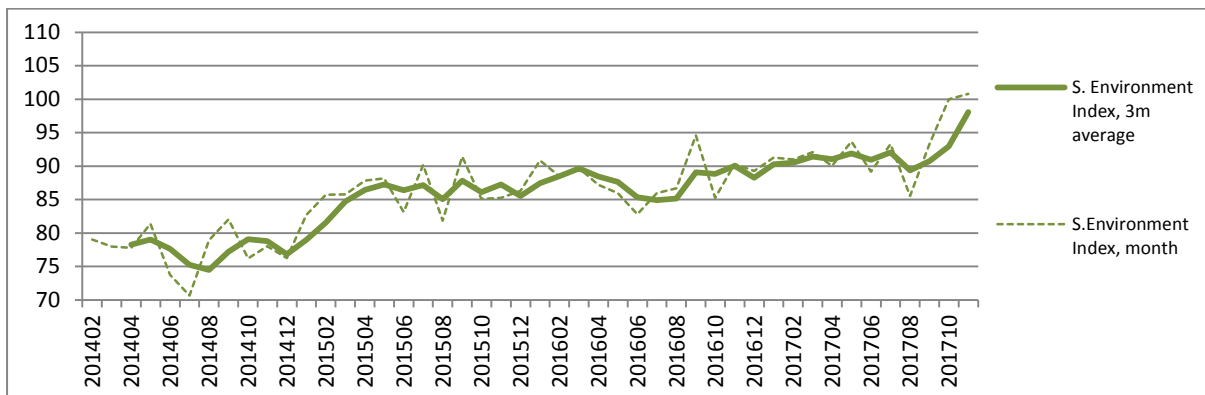
- The Savings Index is composed of two sub-indices: Savings Attitudes and Savings Environment. The monthly Savings Attitudes Index increased by 8 index points to 108 in November and the Savings Environment Index increased by 1 index point to 101 in November 2017.
- The Attitudes Index is higher than the Environment Index, suggesting a divergence between households’ own experience (as captured by their ability to save) and their views on the broader economic environment. This may reflect the divergence between the economic recovery domestically where households are benefitting from continuous declines in unemployment and modest increases in wages, and the more uncertain international broader climate. The trend in both indices is positive in November 2017.

**Figure 3 - Savings Attitudes Sub-Index**



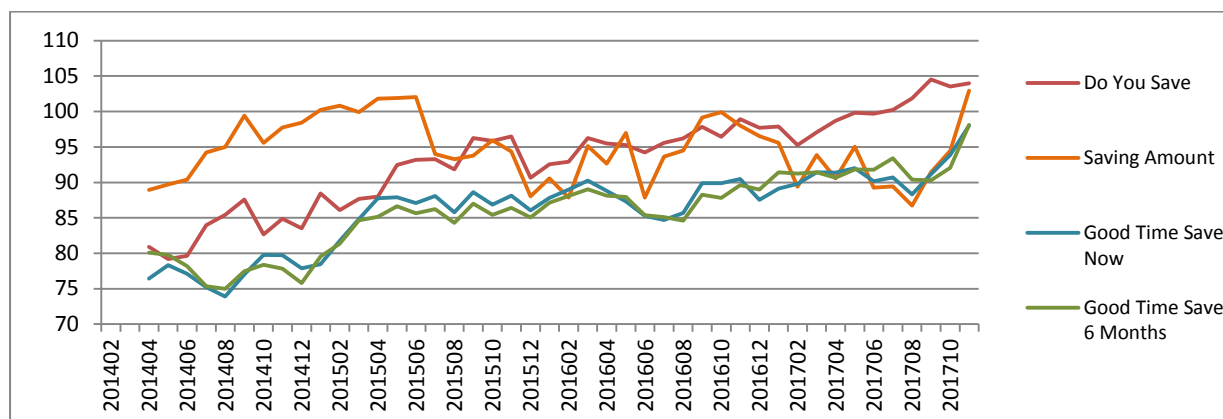
- The Savings Attitude Index is built on two questions which ask respondents about their saving behaviour and how they feel about the amount they save. In November 2017, the sub-index capturing whether or not people save increased to 106 index points from 100 in October. The sub-index capturing how much people save rose by an even greater extent to 110 in November from 100 in October 2017.
- This suggests that while more people are saving (+6 index points), existing savers are also increasing the volume of money that are putting away (+10 index points).

**Figure 4 - Savings Environment Sub- Index**



- The Savings Environment Index is built on two questions which ask whether or not respondents believe that the current period is a good time to save and whether or not they believe that in six months' time it will be a good time to save. In November 2017, the former sub-index decreased marginally to 99 index points in November from 100 in October. The latter sub-index rose to 103 in November from 100 in October 2017.

**Figure 5 - Savings Questions Indexed (3 Month Rolling Average)**



### Investment Index

- Like its savings counterpart, the Investment Index measures how consumers feel about their ability to invest and monitors their investment patterns. This is the second month that investment data is available and therefore only two data points of the index are available.
- The monthly Investment Index increased to 103 points in November from 100 in October.

**Table 3 - Investment Index and components, monthly**

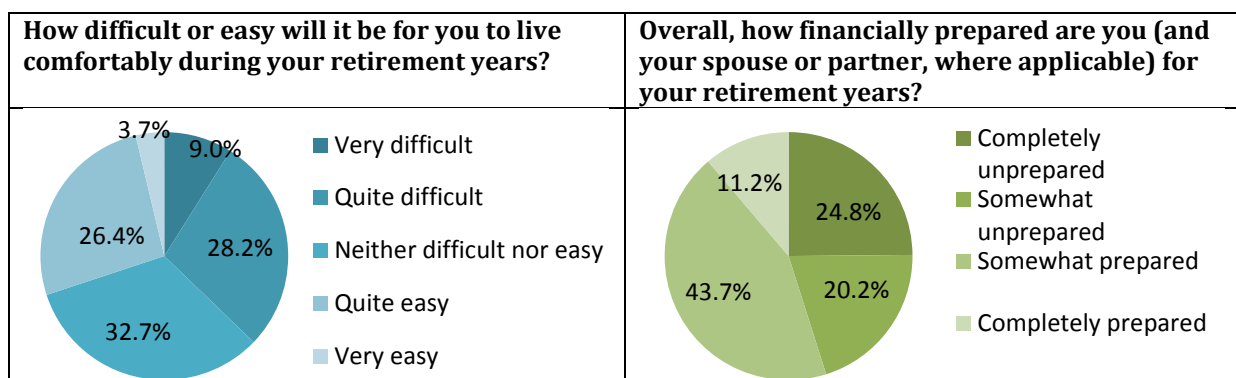
Month	Investment Index						
	Overall	Inv. Attitudes Index			Inv. Environment Index		
		Inv. A. Index	Do You Invest	Investment Amount	Inv. E. Index	Good Time Invest Now	Good Time Invest 6 Months
Oct-17	<b>100</b>	<b>100</b>	100	100	<b>100</b>	100	100
Nov-17	<b>103</b>	<b>106</b>	103	109	<b>99</b>	96	101

- The monthly Investment Attitudes Index increased by 6 index points to 100 in November and the Investment Environment Index decreased by 1 index point to 99 in November 2017.
- The Investment Attitude sub-index asks respondents about their investment behaviour and how they feel about the amount they invest. The first increased to 103 index points in November from 100 in October. The latter rose to 109 in November from 100 in October 2017.
- Respondents seem to believe that November is a slightly worse time to invest when compared to October (-4 index points) but they believe that in six months' time it will be a somewhat better time to invest (+1 index point).
- As with savings, households appear to be more bullish in terms of their attitude to investment and, while more people invested this month than last (+3 index points), existing investors also appear to be increasing their investment amounts (+9 index points).

## Retirement Optimism Index

- As Ireland’s population is ageing it is important for households to plan for their financial future. To understand better how Irish consumers are preparing for their retirement, a new Retirement Optimism Index has been developed which tracks the degree to which households feel they can live comfortably, and are prepared financially, for old age.
- Consumers indicate an increased negativity in terms of how comfortably they will live in retirement with over 35 per cent of households indicating it will be difficult to live comfortably and 33 stating that it will be neither difficult or easy. Consumer sentiment towards how financially prepared for retirement households were was more positive with about 55 per cent of households indicating some degree of preparation.

**Chart 1 – Retirement Optimism Questions**



**About the Index:** The Bank of Ireland/ESRI Savings and Investment Index tracks household views on attitudes towards savings and investment as well as understanding their perspectives on the current and future savings and investment environment. Understanding savings behaviour provides insight into how households smooth consumption, plan to make big purchases and build up buffers which can be drawn down in times of economic stress. Monitoring household investment patterns gives an understanding of how they are putting their money to work, their financial diversification, and their appetite for risk. The Bank of Ireland/ESRI Savings and Investment Index also provides a risk barometer and a retirement optimism index to give insight into household risk taking and the retirement planning. These will be presented on alternate months. For October, only the Savings Items will be published until a sufficient dataset is developed on investment.

The Bank of Ireland Savings and Investment Index is produced monthly from a minimum sample of 800 consumers aged 15 years and above. The ESRI carries out the Savings and Investment Index research to ensure the indices represent a national sample.

For further information contact:

Tom McCabe – Bank of Ireland – [tom.mccabe@pb.boi.ie](mailto:tom.mccabe@pb.boi.ie)

or

Conor O’Toole – ESRI – [conor.otoole@esri.ie](mailto:conor.otoole@esri.ie)