

Consumer Sentiment declined marginally overall this month to 100.5. There were however, clear differences between certain aspects of the survey this month. The Index of current conditions fell to 118.0 this month from 122.4 in April. On the other hand, the Index of consumer expectations increased marginally compared to last month by 0.5 index points driven by improving perceptions of expected household finances. The short term trend has remained relatively flat in the last few months as expectations have dis-improved since late last year while perceptions of current conditions remain relatively positive.

General Economic Situation

The results of the survey this month point towards elevated uncertainty amongst consumers regarding the outlook for the economy. Consumers in particular are more pessimistic about employment prospects over the next year, falling by 0.8 index points down to 87.7 this month. Respondents also revised down their outlook for the economy as a whole with a 2 percentage point drop in positive responses in May.

The buying climate also weakened compared to last month. This component fell by 5.3 index points down to 133.1 driven by a 6 percentage point fall in the proportion of positive responses indicating consumers are increasingly hesitant to make any large household purchases.

Chart 1: Consumer Sentiment Index

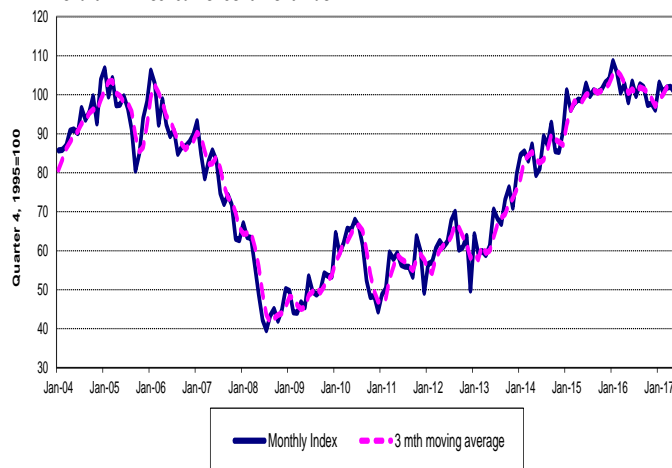


Chart 3: Index of Current Economic Conditions

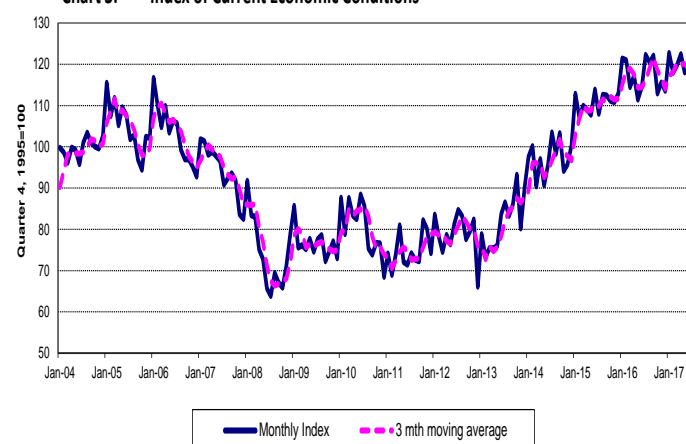
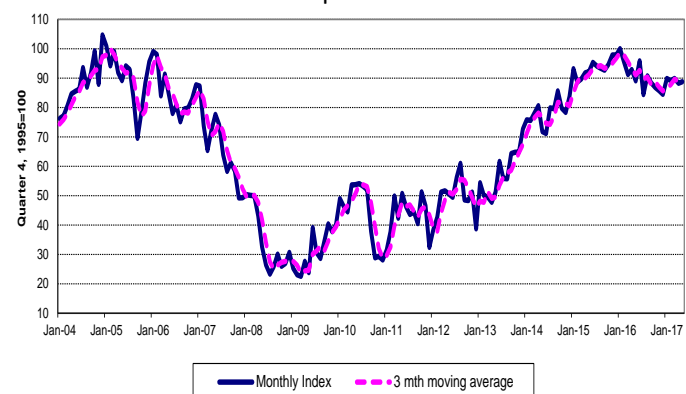


Chart 2: Index of Consumer Expectations



Personal Financial Situation

Views on personal financial situations differed in May. A higher proportion of households view themselves as being relatively worse off financially compared to last year. This is likely to be the driving force behind the weakening buying climate. Expectations of future finances are more positive however despite dimmer views on the labour market. Views on future financial situations have improved compared to last month increasing by just under 5 index points up to 120.3.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	May 2016	April 2017	May 2017
Overall Consumer Sentiment Index	86.3	↓1.5	98.1	102.0	100.5
Index of Current Conditions	100.3	↓4.4	111.4	122.4	118.0
Index of Consumer Expectations	76.9	↑0.5	89.1	88.3	88.8
Personal Financial Situation over last 12 months	72.8	↓3.4	95.2	103.1	99.7
Personal Financial Situation over next 12 months	92.8	↑4.9	114.5	115.4	120.3
General Economic Outlook	61.3	↓2.6	67.6	65.3	62.7
Outlook for Unemployment	80.5	↓0.8	89.0	88.5	87.7
Major Purchases	122.9	↓5.3	124.8	138.4	133.1

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

²) Average value between May 2012 and May 2017.

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. 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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