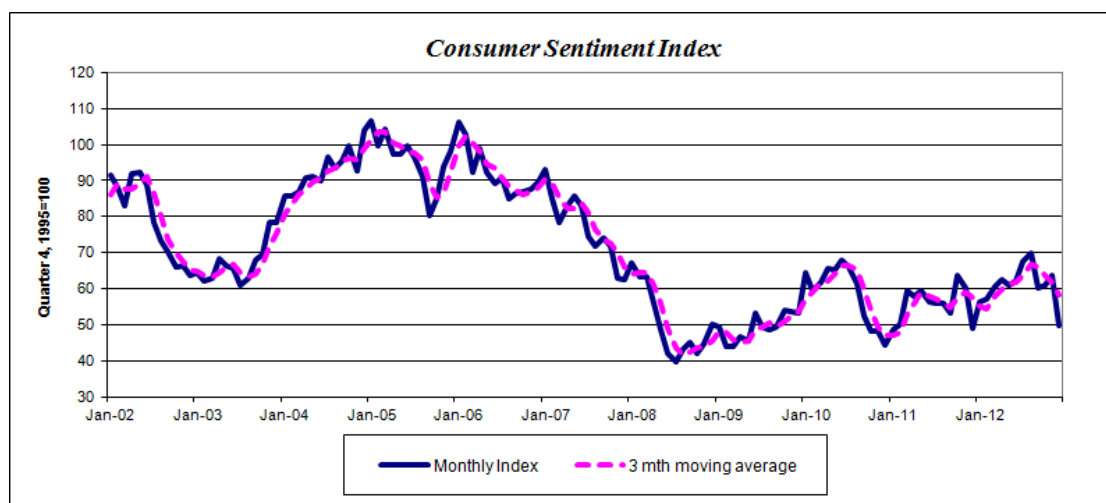




## CONSUMER SENTIMENT INDEX, DECEMBER 2012

### Consumer Sentiment falls sharply in December

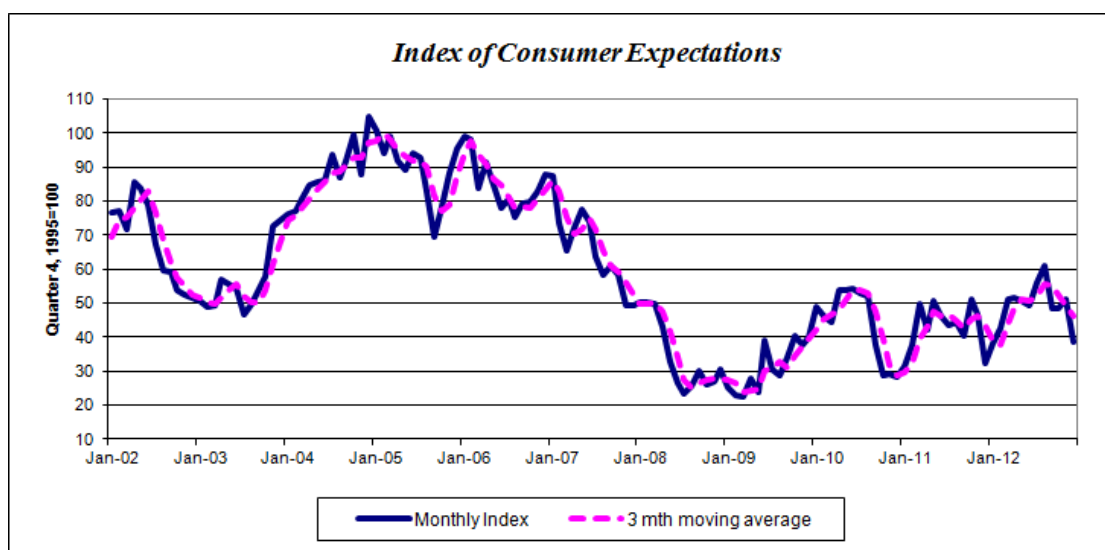
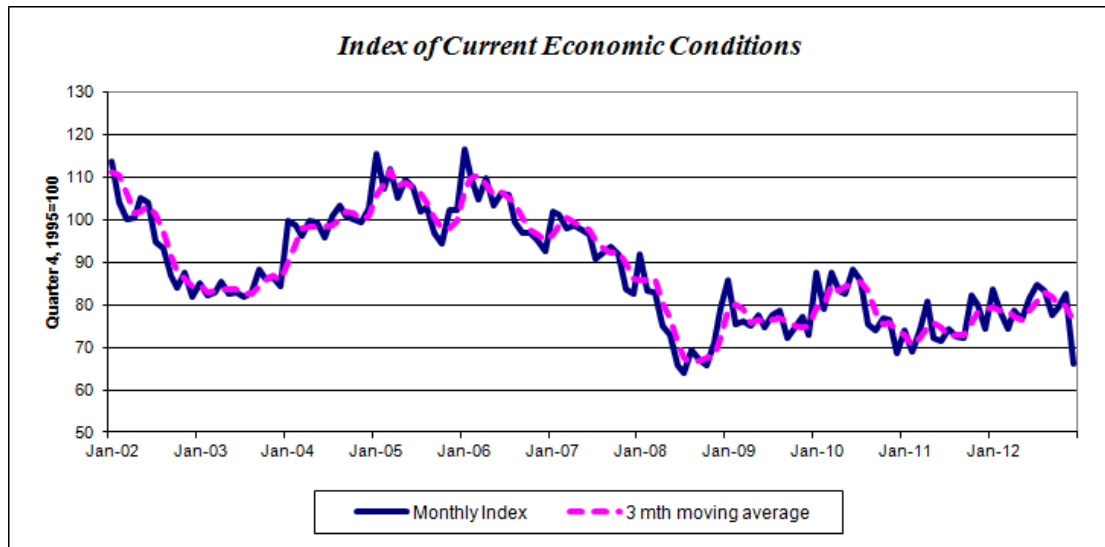
Consumer sentiment decreased considerably in December to 49.8, from 63.8 in November. This 14-point fall is the largest monthly change of the index on record. The falling trend continued in the 3-month moving average, decreasing from 61.6 in November to 58.1 in December. The index lies far below the 2012 average of 61.0. Weak consumer sentiment in December also featured in 2010 and 2011.



The Consumer Sentiment Index comprises two sub-indices; an index of consumer expectation that focuses on how consumers view prospects over the next 12 months and an index of current economic conditions, focusing on consumers' present situation.

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. This sub-index decreased from 51.2 in November to 38.8 in December, representing an 11-month low.

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 Index of Current Economic Conditions dropped from 82.4 in November to 66.1 in December. The sub-index has not been as low since October 2008.



**Note:** Since May 2008 the KBC Bank Ireland/ESRI Irish consumer sentiment survey was prepared using a slightly different methodology. While this may have a minor impact on the precise numerical estimates of various survey components, it should not have any significant effect on the broad trends reported.

The data was obtained from telephone interviews during the first two weeks of the month with around 800 completed questionnaires. The data were re-weighted in line with gender, age and level of educational attainment to ensure the data is fully representative of the national population of adults. Each index is calculated by computing the relative scores (the percent giving favorable replies minus the percent giving unfavorable 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.

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Historic data from February 1996 are available on the ESRI website, [www.esri.ie](http://www.esri.ie) and on the KBC Bank Ireland website, [www.kbc.ie](http://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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