



CONSUMER SENTIMENT INDEX, AUGUST 2015

The Consumer Sentiment Index rose to 101.1 this month from 99.7 in July. The three month moving average continues to improve with an increase from 100.3 in July to 101.2 this month. The Index of Current Economic Conditions which focuses on consumers' views of the present situation is up 4.7 index points this month to 112.6. The Index of Consumer Expectations is down marginally from 94.1 in July to 93.4 this month.

The overall trend remains positive with the three-month moving averages up for all three indices in the month to August.

General Economic Situation

Consumers appear to remain somewhat cautious this month in how they view many aspects of the economy. The proportion of respondents expecting the general economic situation to improve in the next 12 months rose marginally in August after a fall in July. Consumers' outlook on future employment is relatively unchanged from July. While the largest proportion of respondents (47 per cent) maintain a positive outlook for employment opportunities in the coming 12 months there has nonetheless been a further increase in the proportion of those becoming more negative in how they view employment opportunities this month from 21 per cent last month to 22 per cent in August.

Chart 1: Consumer Sentiment Index



Chart 2: Index of Consumer Expectations

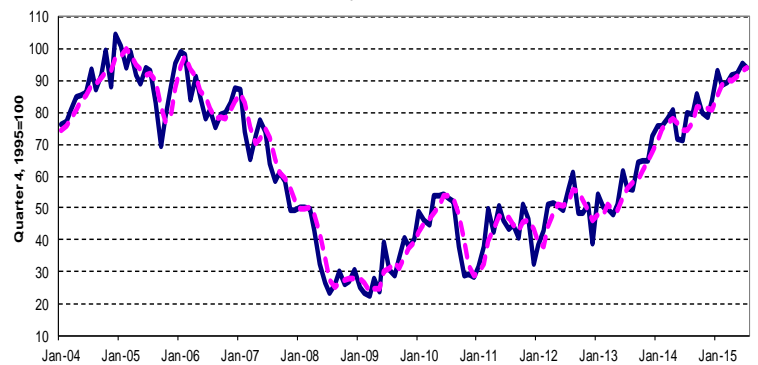
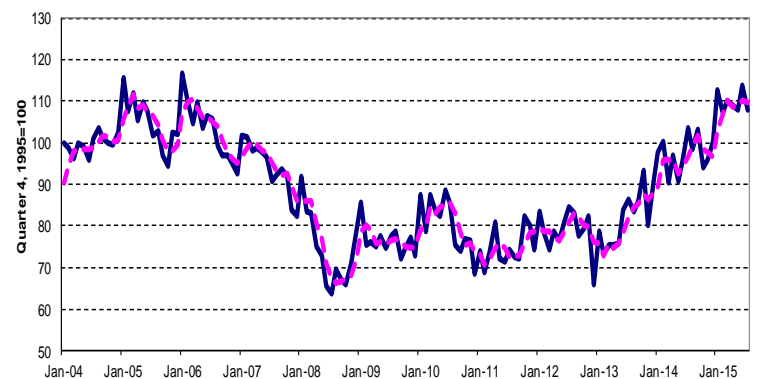


Chart 3: Index of Current Economic Conditions



— Monthly Index - - - 3 mth moving average

Personal Financial Situation

This month consumers are feeling very positive about their current financial situation with 26 per cent of consumers reporting to be in a better financial situation today compared to one year previous. This compares with 19 per cent of respondents in July. This may also be affecting consumers view of the purchasing environment with a slight increase in the proportion who believe now is a good time to make large household purchases.

Despite the positivity regarding their current situation, consumers are more uncertain when asked about their financial situation 12 months from now. While the majority of respondents maintain a neutral outlook some 20 per cent are feeling more negative about their future situation this month. This compares to 18 per cent of respondents in July.

Table 1: Survey Index Results

| Measure ¹ | Long-Run average ² | Δ month-on-month | Aug 2014 | July 2015 | Aug 2015 |
|--|-------------------------------|------------------|----------|-----------|----------|
| Overall Consumer Sentiment Index | 69.9 | ↑1.4 | 87.1 | 99.7 | 101.1 |
| Index of Current Conditions | 86.0 | ↑4.6 | 98.3 | 108 | 112.6 |
| Index of Consumer Expectations | 59.9 | ↓0.7 | 79.6 | 94.1 | 93.4 |
| Personal Financial Situation over last 12 months | 51.8 | ↓10.0 | 70.7 | 83.8 | 93.8 |
| Personal Financial Situation over next 12 months | 71.4 | ↑3.0 | 84.4 | 117.7 | 114.7 |
| General Economic Outlook | 48.7 | ↑1.7 | 68.6 | 73.9 | 75.6 |
| Outlook for Unemployment | 62.5 | ↓1.5 | 91.5 | 94.5 | 93.0 |
| Major Purchases | 114.2 | ↑0.3 | 121.0 | 127.9 | 128.2 |

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

(2) Average value between August 2010 and August 2015.

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 to 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 was 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 February 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.