



CONSUMER SENTIMENT INDEX, MAY 2015

The overall Consumer Sentiment Index remained largely unchanged in May with a slight fall to 98.5 from 98.7 in April. While the monthly index remained unchanged the 3-month moving average, which smoothes some of the monthly volatility, increased to 98.3 in May from 97.6 in April.

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' views of the present situation. While both indices remain substantially higher than the long-run average (Table 1) the Index of Current Conditions is down slightly in May. The 3-month moving average for both indices is also marginally higher in May compared to April.

General Economic Situation

The proportion of respondents expecting the general economic situation to improve in the next 12 months rebounded in May while the proportion expecting no change in Ireland's economic performance remains relatively unchanged this month at 30 per cent compared to 31 per cent last month. Consumer's view of unemployment levels for the next year continues to improve with 50 per cent of respondents expecting the unemployment situation to improve. This is the highest level recorded since November 2000 and compares to a figure of 24 per cent recorded just 12 months ago. All five components of the Survey increased in the year to May 2015, see Table 1.

Chart 1: Consumer Sentiment Index

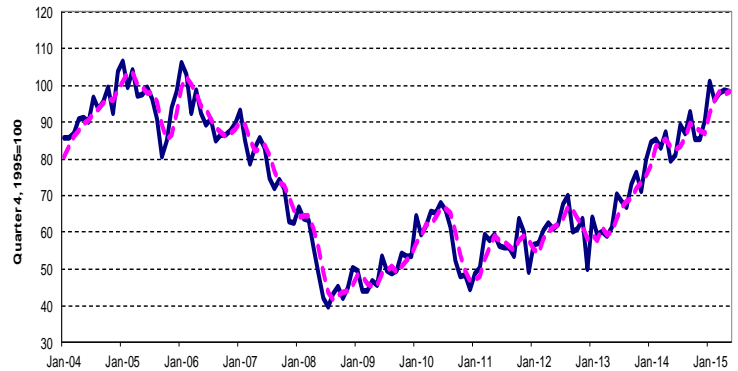


Chart 2: Index of Consumer Expectations

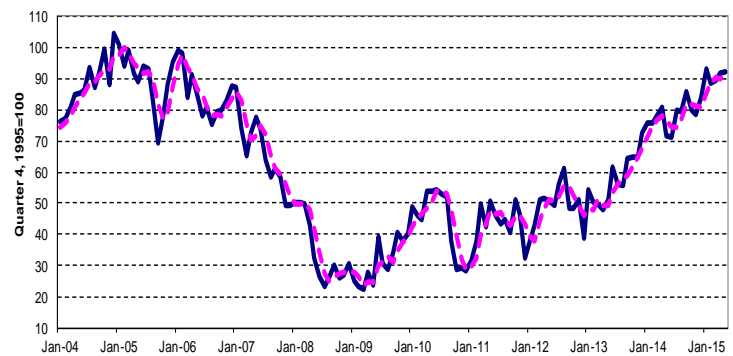
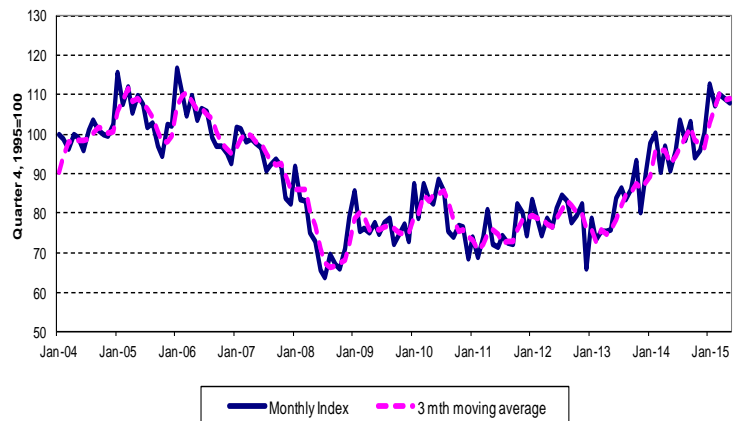


Chart 3: Index of Current Economic Conditions



— Monthly Index — 3 mth moving average

Personal Financial Situation

The number of consumers who maintain a positive outlook on their future personal finances fell slightly this month to 23 per cent from 27 per cent in April. Considering that the proportion of respondents viewing their financial outlook more negatively has remained relatively unchanged this month it is clear that many of the consumers who felt positive in April now hold a more neutral view. The proportion of consumers who fall into this neutral category now stands at 55 per cent which is the highest recorded since mid-2008. While these figures present a broadly positive trend in consumer's expectations they also indicate some level of consumer caution and uncertainty for the next 12 months.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	May 2014	Apr 2015	May 2015
Overall Consumer Sentiment Index	68.7	↓0.2	79.4	98.7	98.5
Index of Current Conditions	84.7	↓1.0	90.6	109.0	107.7
Index of Consumer Expectations	57.9	↑0.4	71.8	91.8	92.2
Personal Financial Situation over last 12 months	49.6	↓3.0	56.1	85.5	82.9
Personal Financial Situation over next 12 months	69.5	↓4.9	74.0	110.1	104.7
General Economic Outlook	47.0	↑3.8	63.0	74.2	77.0
Outlook for Unemployment	59.7	↑4.8	83.8	95.5	100.1
Major Purchases	113.7	↓0.2	119.1	128.4	128.2

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

(2) Average value between May 2010 and May 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.

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