



CONSUMER SENTIMENT INDEX, OCTOBER 2015

The Consumer Sentiment Index rose to 101.3 this month from 100.6 in September. The three month moving average also increased this month to 101.0 from 100.5 in September. This puts the index just above August levels following a decline in September. The Index of Current Economic Conditions which focuses on consumers' views of the present situation fell by 1.3 points to 111.2 in October. The Index of Consumer Expectations showed an improvement over last month increasing to 94.6 from 92.7 in September. The results indicate that consumer sentiment is reasonably positive with two of the three indices growing over the period and the underlying trend for all three indices continuing its upward momentum in October.

General Economic Situation

Consumers appear to have somewhat mixed views this month in relation to many aspects of the economy. The proportion of respondents expecting the general economic situation to improve in the next 12 months remains unchanged in October. This is still a positive development as it remains higher than results in both July and August. The positive general economic outlook did not however lead to a more positive perception by consumers on future employment. While the largest proportion of respondents (45 per cent) maintain a positive outlook for employment opportunities in the coming 12 months there has nonetheless been a moderate increase in the proportion of those becoming more negative in how they view employment opportunities this month from 24 per cent last month to 25 per cent in October.

Chart 1: Consumer Sentiment Index

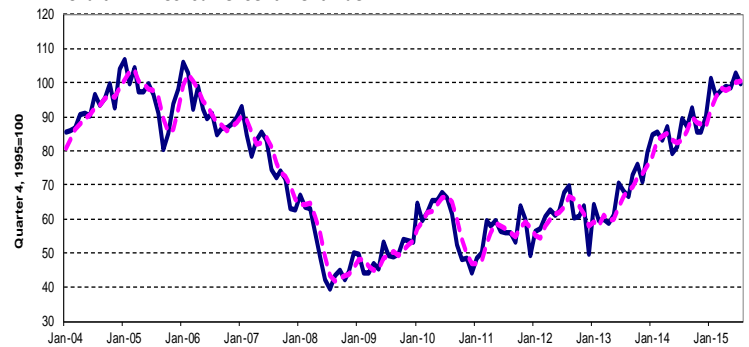


Chart 2: Index of Consumer Expectations

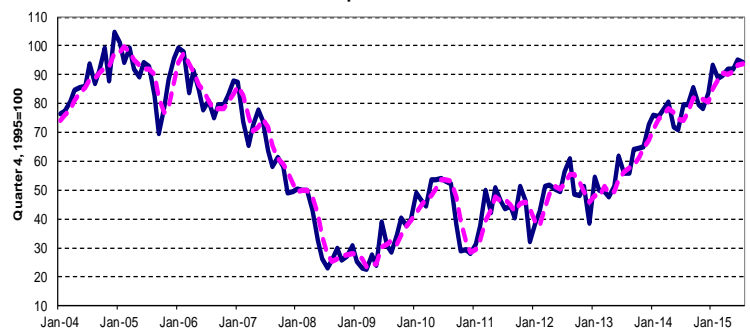
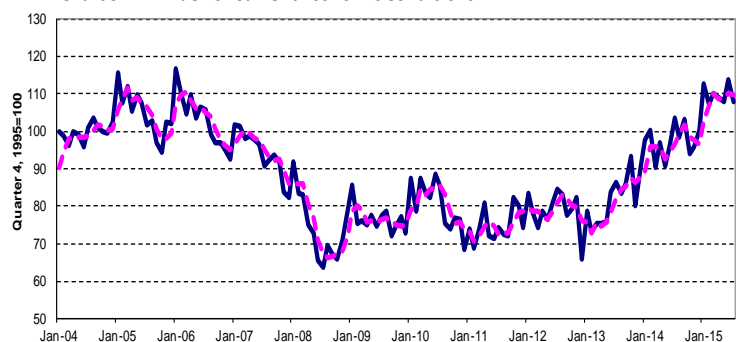


Chart 3: Index of Current Economic Conditions



— Monthly Index - - - 3mth moving average

Personal Financial Situation

Overall consumers feel more confident about their personal finances relative to last month. The proportion of people reporting a more positive perception of their personal financial situation compared to 12 months ago increased from 20 to 24 per cent from September to October. This marks a return to near peak levels not seen since before the financial crises.

Consumers are also feeling more positive about their financial situation 12 months from now. While the majority of respondents maintain a neutral outlook, there has been a marginal increase in the amount of respondents giving a positive response and also a decline in the proportion of respondents feeling negative about future finances. When asked about willingness to make a large purchase in the next 12 months, the proportion of respondents who reported positively fell from 35 to 32 per cent in October.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	Oct 2014	Sept 2015	Oct 2015
Overall Consumer Sentiment Index	71.8	↑0.6	85.5	100.6	101.3
Index of Current Conditions	87.2	↓1.3	94.1	112.5	111.2
Index of Consumer Expectations	61.5	↑1.9	79.7	92.7	94.6
Personal Financial Situation over last 12 months	53.5	↑5.4	68.0	88.2	93.7
Personal Financial Situation over next 12 months	73.0	↑6.6	83.3	113.1	119.7
General Economic Outlook	50.1	–	67.3	76.3	76.3
Outlook for Unemployment	64.4	↓1.6	93.5	91.1	89.5
Major Purchases	115.0	↓6.8	121.3	132.4	125.6

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

(2) Average value between October 2010 and October 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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