



CONSUMER SENTIMENT INDEX, JANUARY 2016

The Consumer Sentiment Index for the first month of 2016 rose to 108.6 from 103.9 in December. The three month moving average increased by 2.4 index points, moving to 105.2 this month from 102.8 in December. The Index of Consumer Expectations rose marginally to 100.0 in January after no change in December. The 3 month moving average also increased to 98.6 from 96.8 in December. The Index of Current Economic Conditions which focuses on consumers' views of the present situation increased significantly by 8.5 index points to 121.4 in January. Overall the increase in all 3 Indices indicates that consumers appear to be feeling quite optimistic in relation to current and future economic conditions.

General Economic Situation

Overall consumers appear to have a somewhat mixed view of the general economic situation. Although 62 per cent of people surveyed are feeling positive about future economic conditions, there has been an increase in the number of people reporting a negative response resulting in an overall marginal decline of this component by 0.6 index points. There was a decrease of 5.2 index points in how consumers perceive future employment prospects. This was driven by a simultaneous increase in the amount of people responding negatively and a drop in the amount of people responding positively. There was a significant increase in the component asking if it was a good time to make large household purchases. This component increased by 11.8 points in January as a result of a 7 percentage point increase in the proportion positive responses.

Chart 1: Consumer Sentiment Index

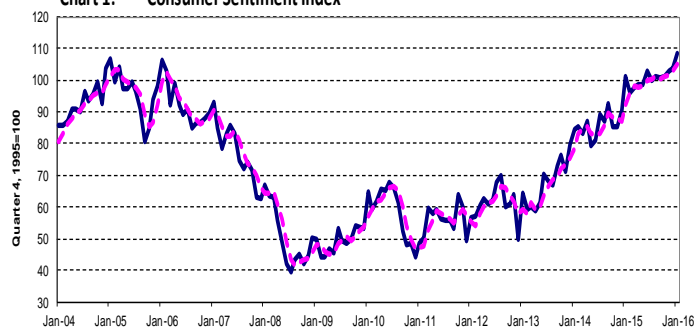


Chart 3: Index of Current Economic Conditions

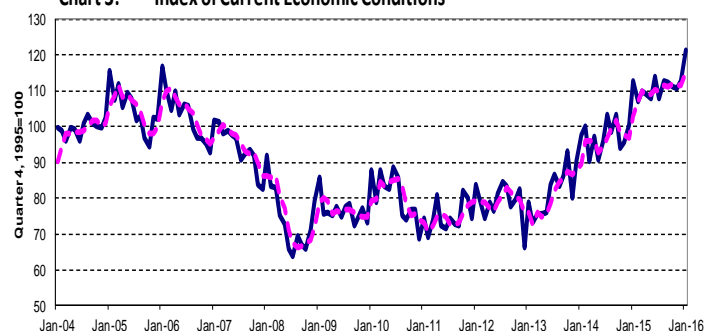
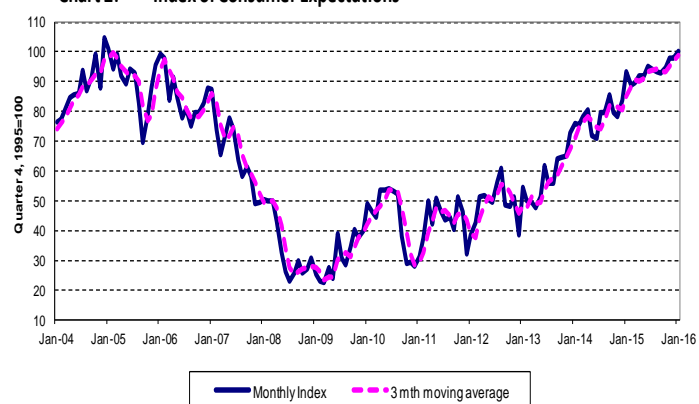


Chart 2: Index of Consumer Expectations



— Monthly Index — 3mth moving average

Personal Financial Situation

Consumers are clearly feeling positive about their past and future personal financial situation this month. There was a marginal increase of 4.5 index points in the section of the survey asking how people feel about their personal financial situation compared to 12 months ago.

Consumers are also feeling more positive about their financial situation 12 months from now, with the proportion of respondents feeling positive increasing to 38 per cent from 33 per cent in December. While the majority of respondents maintain a neutral outlook, there has been a decrease in the amount of respondents giving a negative response moving from 16 to 11 per cent for the month. The net effect is a gain of 10.5 index points in this component of the survey.

Table 1: Survey Index

Results					
Measure ¹	Long-Run average ²	Δ month-on-month	Jan 2015	Dec 2015	Jan 2016
Overall Consumer Sentiment Index	74.7	↑4.7	101.1	103.9	108.6
Index of Current Conditions	89.2	↑8.5	112.8	112.9	121.4
Index of Consumer Expectations	64.9	↑2.1	93.2	97.9	100.0
Personal Financial Situation over last 12 months	56.6	↑4.5	81.6	96.4	100.9
Personal Financial Situation over next 12 months	77.2	↑10.5	110.7	121.2	131.7
General Economic Outlook	52.8	↓0.6	77.5	76.6	76.0
Outlook for Unemployment	67.8	↓5.2	94.8	100.5	95.3
Major Purchases	116.0	↑11.8	138.6	126.5	138.3

¹ Index values: Quarter 4, 1995 = 100.

² Average value between January 2010 and January 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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