

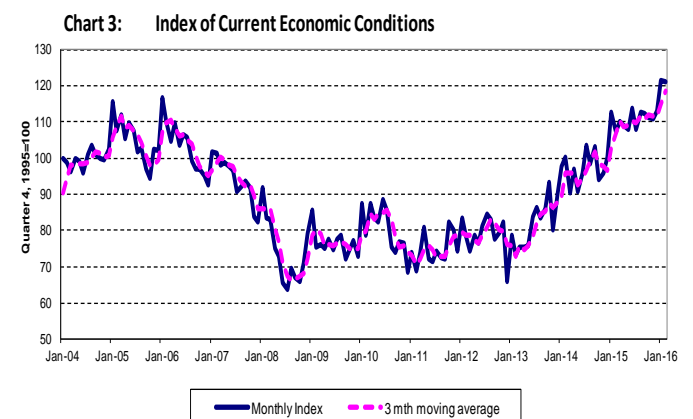
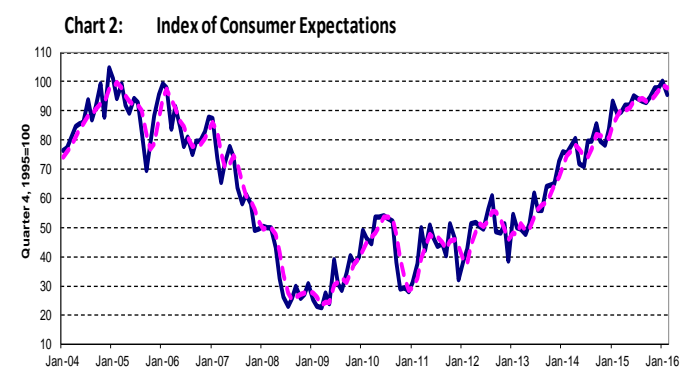
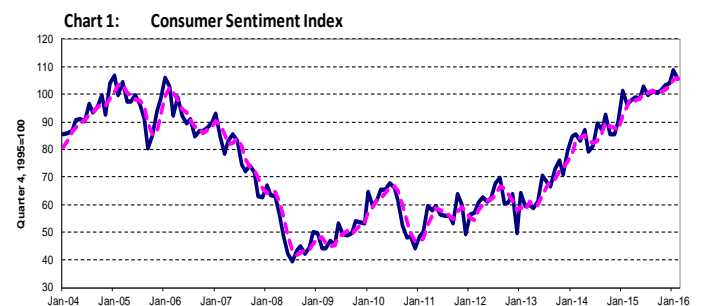


CONSUMER SENTIMENT INDEX, FEBRUARY 2016

The Consumer Sentiment Index in February fell to 105.8 from 108.6 in January. The three month moving average did however, increase marginally, moving to 106.1 from 105.2 in January. The Index of Consumer Expectations declined to 95.5 in February from 100.0 in January. The 3 month moving average also fell to 97.8 from 98.6 in January. The Index of Current Economic Conditions which focuses on consumers' views of the present situation fell by 0.4 index points to 121.0 in February after a significant increase the previous month.

General Economic Situation

Consumers appear to have a more negative view of the general economic situation in February after record sentiment levels observed in recent months. Interestingly this does not seem to be driven by an increase in the number of people feeling negative, but by an increase in the number of people reporting a neutral view of future economic conditions. The result of this was a net marginal decline in this component of 0.5 index points. There was a further decrease this month of 2.1 index points in how consumers perceive future employment prospects. This was again driven by an increase in neutral responses rather than an increase in negative responses. After a large increase in January, there was a decrease in the component asking if it was a good time to make large household purchases. This component decreased by 2.2 points in February as a result of a fall in the number of positive responses and an increase in the number of neutral responses. In the past, consumers have become more positive about purchasing major household items every January, reflecting, at least in part, the winter sales, followed by a more subdued figure in February. This pattern has continued to remain a feature in 2016.



— Monthly Index - - - 3 mth moving average

Personal Financial Situation

Consumers have somewhat mixed views about their past and future personal financial situation this month. The only part of the survey to increase in February was the component asking how people feel about their personal financial situation compared to 12 months ago with an increase of 1.7 index points.

Consumers are however, feeling more negative about their financial situation 12 months from now, with the proportion of respondents feeling positive decreasing to 31 per cent from 38 per cent in January. While the majority of respondents maintain a neutral outlook, there has been an increase in the amount of respondents giving negative responses resulting in a net fall of 10.9 index points in this component of the survey.

Table 1: Survey Index

| Results | | | | | |
|--------------------------------------------------|-------------------------------------|-------------------------|-----------------|-----------------|-----------------|
| Measure¹ | Long-Run average² | Δ month-on-month | Feb 2015 | Jan 2016 | Feb 2016 |
| Overall Consumer Sentiment Index | 75.6 | ↓2.8 | 96.1 | 108.6 | 105.8 |
| Index of Current Conditions | 90.0 | ↓0.4 | 107.2 | 121.4 | 121.0 |
| Index of Consumer Expectations | 66.0 | ↓4.5 | 88.6 | 100.0 | 95.5 |
| Personal Financial Situation over last 12 months | 57.9 | ↑1.7 | 74.2 | 100.9 | 102.6 |
| Personal Financial Situation over next 12 months | 78.6 | ↓10.9 | 100.1 | 131.7 | 120.8 |
| General Economic Outlook | 53.7 | ↓0.5 | 72.8 | 76.0 | 75.5 |
| Outlook for Unemployment | 68.8 | ↓2.1 | 99.2 | 95.3 | 93.2 |
| Major Purchases | 116.4 | ↓2.2 | 134.4 | 138.3 | 136.1 |

¹ Index values: Quarter 4, 1995 = 100.

² Average value between February 2010 and February 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.

For further information contact

Austin Hughes – Chief Economist, KBC Bank Ireland– (01) 664 6889

or

David Duffy – Senior Research Officer, ESRI – (01) 863 2113

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.

KBC Bank Ireland, Sandwith Street, Dublin 2, Tel: 01-664 6889, Fax: 01-664 6898, Web: www.kbc.ie

ESRI, Whitaker Square, Sir John Rogerson's Quay, Dublin 2, Tel: 01-863 2000, Web: www.esri.ie