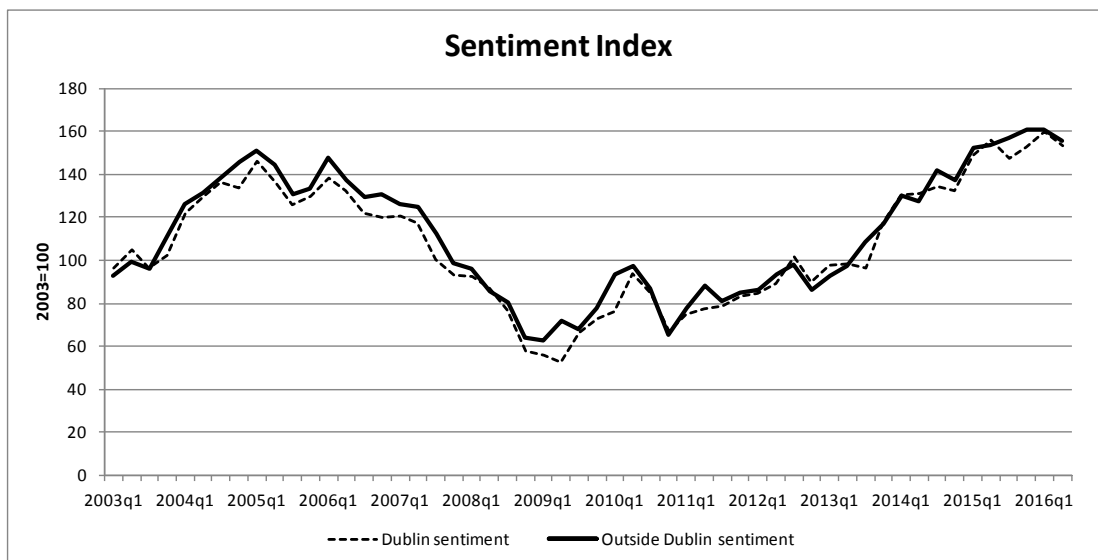




DUBLIN CONSUMER SENTIMENT INDEX, QUARTER 2, 2016

Austin Hughes, chief economist KBC Bank Ireland: *The pull-back in Dublin consumer sentiment reflects notably greater uncertainty about the economic outlook and job prospects that made consumers in the capital more cautious in their spending plans. While the present level of the sentiment index suggests Dublin consumers are generally positive about their immediate economic circumstances, the survey suggests they are also increasingly conscious of a range of risks to a recovery that is still tentative for many households.*

The Consumer Sentiment Index for Dublin weakened in the second quarter of 2016 to 153.2 from 159.8 in the first quarter of the year (**Note the survey was completed before the result of the UK referendum on EU membership was known**).



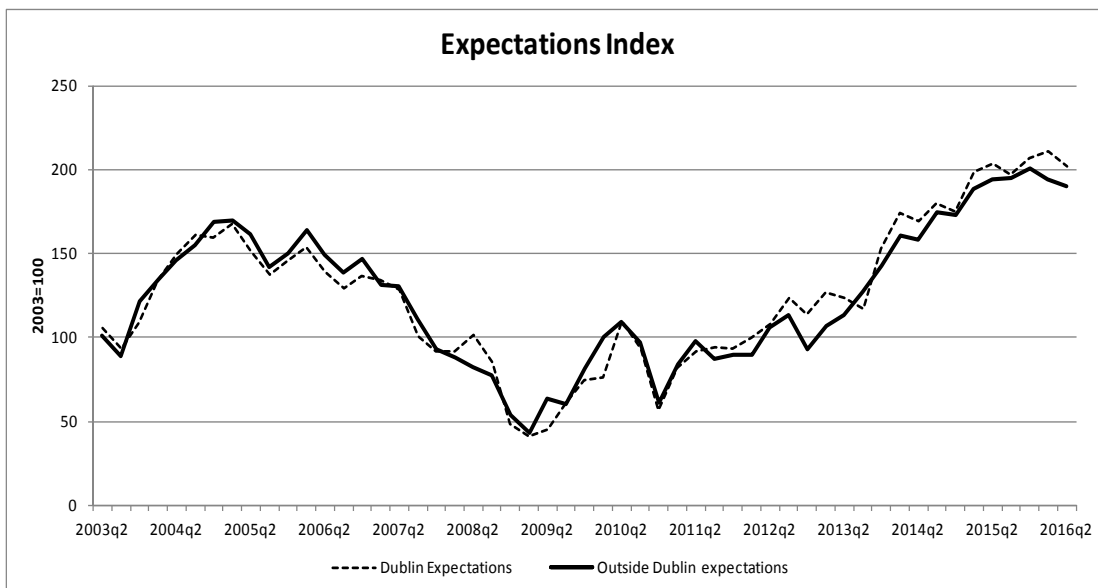
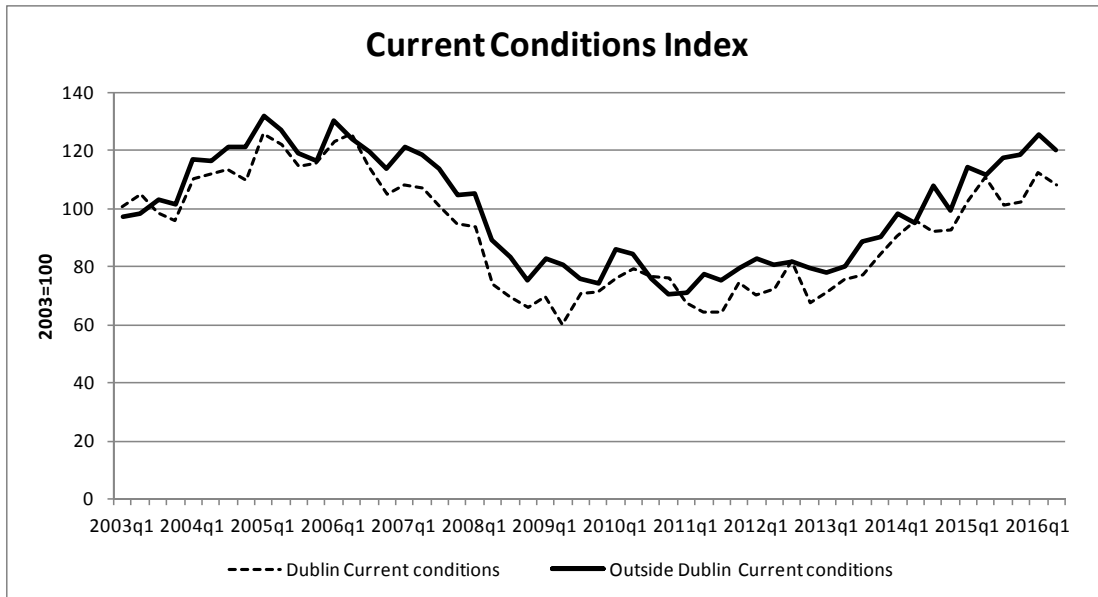
The weakening in Dublin sentiment was evident across the majority of the underlying questions. It was principally driven by a more negative assessment by consumers of the current buying climate for major household durables, prospects for the jobs market and the general economic outlook. However, Dublin consumers were more positive in their assessment of their current household finances. However, they were marginally negative in their outlook for their household finances over the next 12 months.

Table: Survey Index Results

	2003=100				
	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
Dublin Consumer Sentiment Index	155.6	147.2	152.6	159.8	153.2
Dublin Index of Current Conditions	110.9	100.9	102.3	112.5	107.9
Dublin Index of Consumer Expectations	203.9	197.4	207.1	211.0	202.2

Notwithstanding the decline in the second quarter sentiment reading, most elements of the survey report more positive than negative responses from Dublin consumers in relation to the economic and financial environment affecting them. Close to 54 per cent of Dublin consumers expect the labour market to improve over the next 12 months compared to just over 18 per cent that envisage a deterioration. Over 37 per cent of Dublin consumers expect their household financial situation to improve over the next 12 months.

The weakening of sentiment was not confined to the Dublin region, with a broadly similar decline recorded in sentiment outside Dublin. The decline in sentiment outside Dublin owed more to concerns regarding the outlook for household finances. In contrast to Dublin consumers, those outside Dublin had a more positive view of the outlook for the labour market.



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Notes:

The data are obtained from telephone interviews during the first two weeks of the month. The data are re-weighted in line with gender, age, economic status, level of educational attainment, region and household size to ensure the data was fully representative of the national population of adults.

The consumer sentiment 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.

The Dublin consumer sentiment index is calculated using the same methodology as the KBC Ireland/ESRI Consumer Sentiment Index. However, to ensure that the Dublin Index is representative of the Dublin region, a new set of weights was constructed taking account of the age and sex of the population. In the process of constructing the new weights, the latest data available were used, including adjustments to the QNHS data following the censuses of 2006 and 2011. Therefore, the Dublin index is not directly comparable to the published national index which was weighted based on the data available at the time of publication.