

- Overall Index falls back in March with fewer people saving and investing
- Savings sentiment deteriorating among the over 50s
- Irish people more optimistic on retirement in March

The Bank of Ireland/ESRI Savings and Investments Index decreased to 98 points in March from 102 in February 2018. This is the lowest reading for the Savings and Investment Index reached since its launch in October 2017.

Savings Index

This month the Savings Index decreased by 4 points to **99**, the lowest level for the index since September 2017. The monthly Savings Attitudes Index, which asks people about their saving behaviour and how they feel about the amount they save, decreased to **99** points in March from **103** in February 2018. The proportion of people saving regularly fell to 46% in March, the lowest level since July 2017.

Weaker saving rates were most visible among under 50s who perhaps are now more inclined to spend due to the improved economic conditions. The poor weather conditions in March also presented an opportunity for consumers to indulge in online spending.

The decrease was compounded by increasing negativity about the current savings environment as this Index decreased by 4 points to **98** in March 2018. The most interesting aspect of this increased negativity was that it was driven more by the over 50s, a group which is more likely to have lump sums available for saving.

Investments Index

The monthly Investment Index decreased by 4 points to **97** in March from **101** in February 2018, the largest fall since the index started in October 2017.

The Investment Attitudes Index decreased by 10 points to **94** index points in March. In doing so the index completely unwound its big February gain. Stock markets remained volatile in the month (world equities were down 3% in euro terms), mainly on concerns about the potential for a global trade war. It is likely that it was this continued market choppiness which caused Irish investment attitudes to weaken.

In contrast the Investment Environment Index increased slightly to **99** index points in March from **98** in February 2018. The index had fallen sharply in February on the outbreak of volatility in stock and bond markets but it was heartening to see it stabilise in the face of the continued uncertainty. In fact 33% of people still felt it was a good time to invest in March compared to 22% who felt it was a bad time.

Retirement Optimism Index

The Retirement Optimism Index increased to **100** points in March 2018 from **92** in January 2018, demonstrating that people are more optimistic about their retirement. Over half (56%) of people felt they had some financial plans in place for retirement, the highest response thus far for the question. A higher proportion of people also said they could live comfortably in retirement (31% versus 24% in January).

However 39% of people still said they would find it difficult to live comfortably so there is still work to do for many households to ensure their retirement planning is sufficient to leave them financially comfortable in retirement.

Commenting on the Bank of Ireland Savings and investments Index, Tom McCabe, Global Investment Strategist, Bank of Ireland Investment Markets said: *“Based on the March results of the Bank of Ireland/ESRI Savings and Investment Index, Irish peoples’ enthusiasm for saving appears to be waning. There could a couple of different catalysts behind this; younger people may be now more inclined to spend as the economy continues to improve and March’s adverse weather could also have reinforced that shift towards spending.*

“However greater numbers of over 50s are increasingly expressing the view that now is a bad time to save. This group is more likely to have lump sums available for saving. Here perhaps people are growing tired of the low interest rates on offer for savings and are now looking for alternative investment options with the potential for higher returns. It will be interesting to see if this causes a shift away from saving and toward investment in the next few months.”

About the ESRI/Bank of Ireland Savings and Investments Index:

The Bank of Ireland/ESRI Savings and Investment Index tracks household attitudes towards savings and investment as well as monitoring their perspectives on the current and future savings and investment environment. Understanding savings behaviour provides insight into how households smooth consumption, plan to make big purchases and build up buffers which can be drawn down in times of economic stress. Monitoring household investment patterns gives an understanding of how they are putting their money to work, their financial diversification, and their appetite for risk. The Bank of Ireland/ESRI Savings and Investment Index also provides a Risk Barometer and a Retirement Optimism Index to give insight into household risk taking and retirement planning. These will be presented on alternate months.

The Bank of Ireland Savings and Investment Index is produced monthly from a minimum sample of 800 consumers aged 15 years and above. The ESRI carries out the Savings and Investment Index research to ensure the indices represent a national sample.

Table 1 - Investment and Savings Index and sub-indexes, monthly (Base=October 2017)

Month	Savings and Investment Index	Savings Index			Investment Index		
		Overall	Attitudes	Environment	Overall	Attitudes	Environment
Mar-17		96.3	100.6	92.1			
Apr-17		92.9	95.8	90.0			
May-17		94.8	95.9	93.7			
Jun-17		90.4	91.7	89.2			
Jul-17		95.1	96.9	93.3			
Aug-17		89.9	94.3	85.5			
Sep-17		98.0	102.7	93.4			
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	103.4	104.2	107.7	100.8	102.5	106.1	98.9
Dec-17	101.9	102.7	107.7	97.6	101.2	104.2	98.2
Jan-18	101.6	103.3	101.5	105.1	100.0	95.2	104.8
Feb-18	102.0	102.5	103.4	101.6	101.4	104.4	98.3
Mar-18	97.6	98.5	98.7	98.4	96.6	94.2	99.1

The Savings and Investment Index

- The overall Bank of Ireland/ESRI Savings and Investment Index aims to capture the sentiment of Irish households towards their ability to save and invest as well as the broader savings and investment environment. The Index combines two sub-indices on savings and investments to provide a broad understanding of household's views on their financial decision making.
- After being broadly flat around 102 points over the past three months, the monthly Savings and Investment Index fell by 4.3 per cent in March 2018 to 97.8 index points. The downturn was driven by a fall in both savings and investment attitudes. This is the lowest value the Savings and Investment Index reached since its launch in October 2017.
- The three month moving average decreased to 100 in March from 102 in February 2018 which may indicate a reversal in the savings and investment trend.
- While some pull back from the February high may have been expected, the severe weather events at the early part of the month may have caused households to spend unexpectedly and disrupted their investment and savings patterns.

The Savings Index

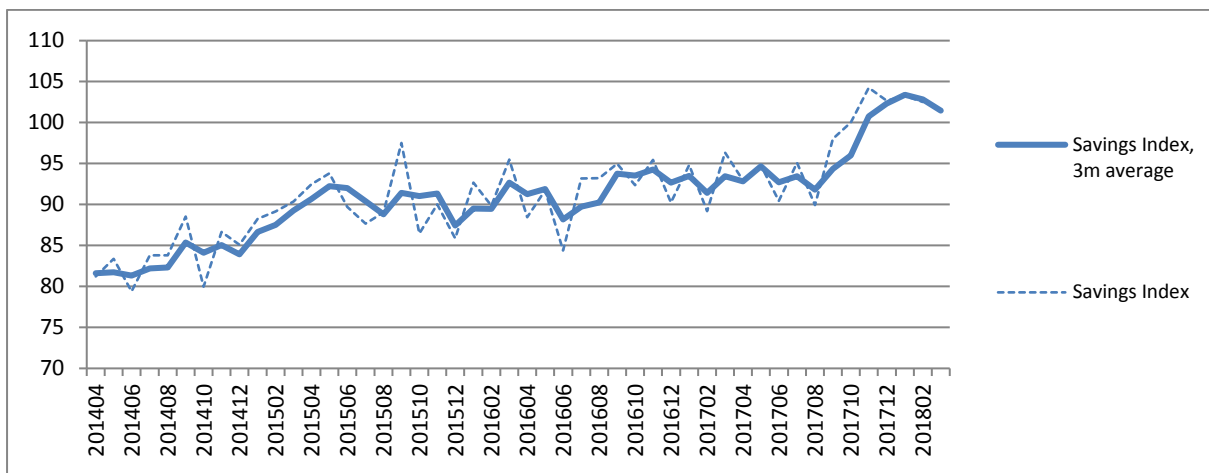
- The overall Savings Index is presented in Figure 2.
- The monthly Savings Index was around 103 points from December 2017 to February 2018 due to offsetting variations in its two sub-indexes. This month the Savings Index decreased by 3.9 per cent to 99 points, driven by a fall in both savings attitudes and environment.

Table 2 - Savings Index and components, monthly

Month	Savings Index
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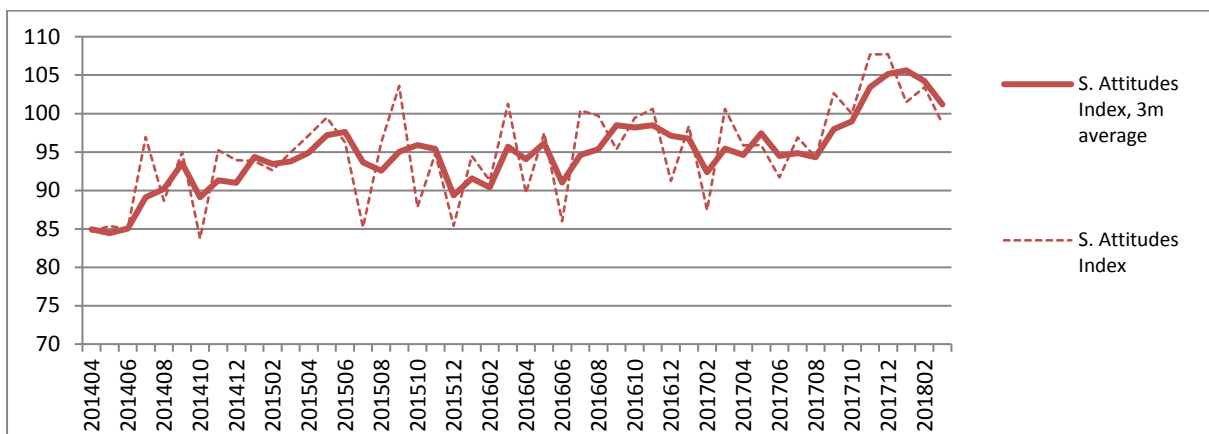
	Overall	Sav. Attitudes Index			Sav. Environment Index		
		Sav. A. Index	Do You Save	Savings Amount	Sav. E. Index	Good Time Save Now	Good Time Save 6 Months
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	104.2	107.7	105.6	109.8	100.8	98.8	102.8
Dec-17	102.7	107.7	105.8	109.7	97.6	97.7	97.5
Jan-18	103.3	101.5	104.3	98.7	105.1	106.3	103.8
Feb-18	102.5	103.4	101.4	105.5	101.6	102.4	100.8
Mar-18	98.5	98.7	98.8	98.6	98.4	97.0	99.8

Figure 2 - Savings Index



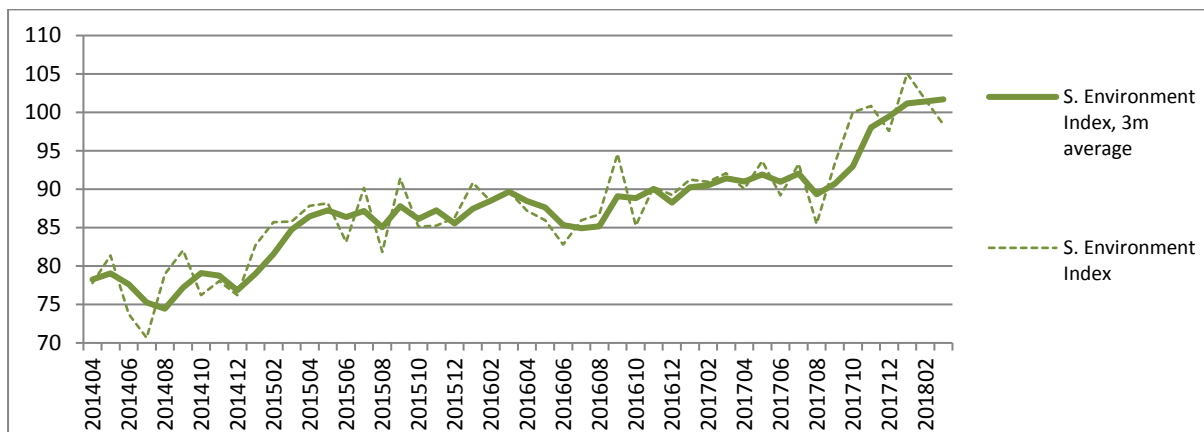
- The two sub-indexes that compose the Savings Index are the Savings Attitudes and the Savings Environment. The monthly Savings Attitudes Index decreased to 99 points in March 2018 from 103 in February 2018. This decrease was driven by a much lower satisfaction with the amount consumers are saving and by a moderate decline in the number of households saving. The Savings Environment Index decreased by 4 points to 98 in March 2018 as views on both the present and future savings landscape dropped.

Figure 3 - Savings Attitudes Sub-Index



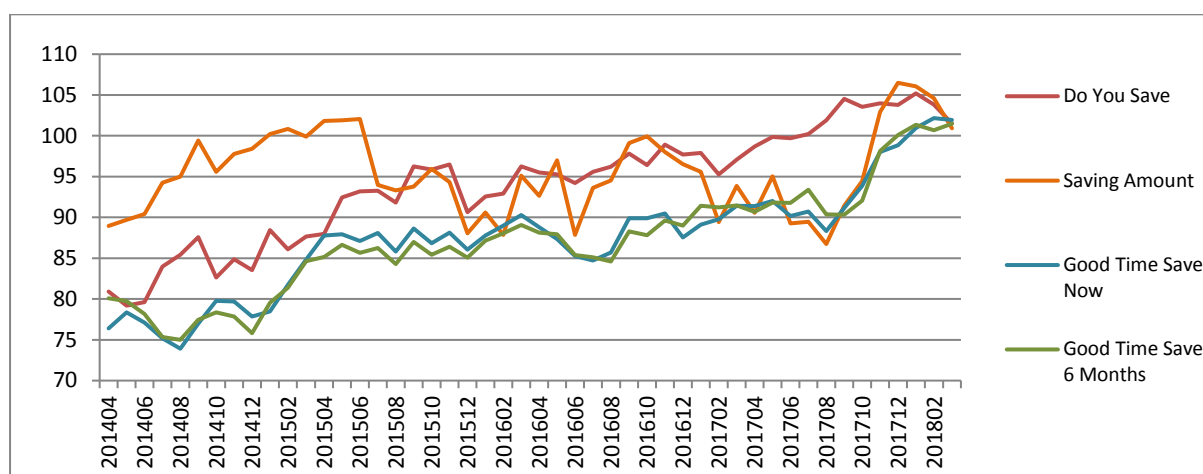
- The Savings Attitude Index is built on two questions which ask respondents about their saving behaviour and how they feel about the amount they save. In March 2018, the sub-index capturing whether or not people save decreased to 99 points from 101 in February 2018.
- While some of the moderation in the savings attitudes may be due to a pullback in the very strong October to November gains, the severe weather in early March may have led households to make unexpected purchases and disrupted their regular savings patterns.
- Around 46.4 per cent of the households said they saved regularly in March 2018, 21.8 per cent mentioned they save occasionally and 31.8 per cent mention they did not save at all. This compares with 49.2 per cent, 19.1 per cent and 31.7 per cent in February 2018. The proportion of non-savers remained fairly constant while there was a shift from regular to occasional savers, which was the main reason for a falling index. The sub-index capturing how much people save lost all the February gains and decreased by 6 index points to 99 points in March, the same has in January 2018. There was a slight decrease in the share of households who said they were saving more than they should, down to 9.6 per cent in March 2018 from 10.4 per cent in February. There was a large increase in proportion of households stating that they were saving less than they should, 49.5 per cent in March 2018 from 46.1 per cent in February.
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Figure 4 - Savings Environment Sub- Index



- The Savings Environment Index is built on two questions which ask whether or not respondents believe that the current period is a good time to save and whether or not they believe that in 6 months' time it will be a good time to save. In March 2018, the former sub-index decreased to 97 index points from 102 in February and 106 in January 2018. The latter sub-index had a marginal decreased to 100 points from 101 in February and 104 in January 2018. After a sharp rise in the first month of 2018, household's perceptions and expectations regarding the savings environment seems to be moderating
- In March 2018, 38.4 per cent of the households think it is a good time to save, down from 42.2 per cent in February 2018. About 28.1 per cent believe it is a bad time to save, up from 25.7 in February 2018.

Figure 5 - Savings Questions Indexed (3 Month Rolling Average)



Investment Index

- Like its savings counterpart, the Investment Index measures how consumers feel about their ability to invest and monitors their investment patterns. This is the sixth month that investment data is available and therefore only six data points of the Index are available.
- The monthly Investment Index decreased by 4.7 per cent to 97 points in March from 101 in February 2018, the largest fall since the start of the index in October 2017.

Table 3 - Investment Index and components, monthly

Month	Investment Index						
	Overall	Inv. Attitudes Index			Inv. Environment Index		
		Inv. A. Index	Do You Invest	Investment Amount	Inv. E. Index	Good Time Invest Now	Good Time Invest 6 Months
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	102.5	106.1	103.1	109.2	98.9	96.4	101.3
Dec-17	101.2	104.2	105.8	102.7	98.2	97.4	99.0
Jan-18	100.0	95.2	95.9	94.5	104.8	104.6	104.9
Feb-18	101.4	104.4	112.6	96.2	98.3	96.1	100.5
Mar-18	96.6	94.2	90.7	97.7	99.1	99.2	99.0

- In March, there were diverging trends between household’s attitudes towards investment and their views on the investment environment. The monthly Investment Attitudes Index decreased by 9.8 per cent to 94 index points in March from 104 in February 2018. The Investment Environment Index increased by 0.8 per cent to 99 index points in March from 98 in February 2018. The former was driven by a sharp fall in the number of households investing while the latter reflected a rise in the perceptions regarding the current investment climate.
- The Investment Attitude sub-index asks respondents about their investment behaviour and how they feel about the amount they invest. The first had a sharp decrease of 19.5 per cent,

to 91 index points in March from 113 in February 2018. The latter rose by 1.5 per cent to 98 index points in March from 96 in February.

- In March 2018, about 29.2 per cent of the respondents claimed to have invested regularly, down from 26.1 per cent in February and 3.2 per cent reported to invest occasionally, up from 4.3 per cent in January. This represents a rise in the share of households not investing at all from 59.5 per cent in February to 67.5 per cent in March 2018.
- The proportion of households feeling they invested more than they should decrease only marginally from 4.5 per cent in February to 4.3 per cent in March 2018, while the proportion of households believing they do not invest enough dropped to 38.3 per cent in March from 39.5 per cent in February 2018. This resulted in a higher share of households (57.5 per cent versus 56.0 per cent) satisfied with the amount they are investing.
- Household’s views on the investment environment increased only marginally in March 2018 (+0.8 per cent), led by a rise in current environment perceptions. Respondents seem to believe that March is a slightly better time to invest when compared to February (+3.2 per cent) but they believe that in 6 months’ time it will be a worse time to invest (-1.6 per cent).

Retirement Optimism Index

- As Ireland’s population is ageing it is important for households to plan for their financial future. To understand better how Irish consumers are preparing for their retirement, a new Retirement Optimism Index has been developed which tracks the degree to which households feel they can live comfortably, and are prepared financially, for old age.
- Overall people seem to be more optimistic about their retirement. The Retirement Optimism Index increased to 100 points in March 2018 from 92 in January 2018. The Comfort in Retirement sub-index increased significantly by 9.4 per cent to 99 points in March from 91 in January 2018 and the Financial Preparedness sub-index also increased by 9.4 per cent to 101 points in March from 93 in January 2018.
- In March 2018, a lower proportion of households stated that it would be difficult to live comfortably in retirement (39.3 per cent versus 40.0 per cent in January 2018) while a higher share said it would be easy to live comfortably in retirement (31.3 per cent versus 24.2 per cent in January 2018).
- A higher proportion of households mentioned they were financially prepared for retirement (55.7 per cent in March versus 52.2 per cent in January) and a lower share said they unprepared (44.3 per cent in March versus 47.8 per cent in January).

Chart 1 – Retirement Optimism Questions

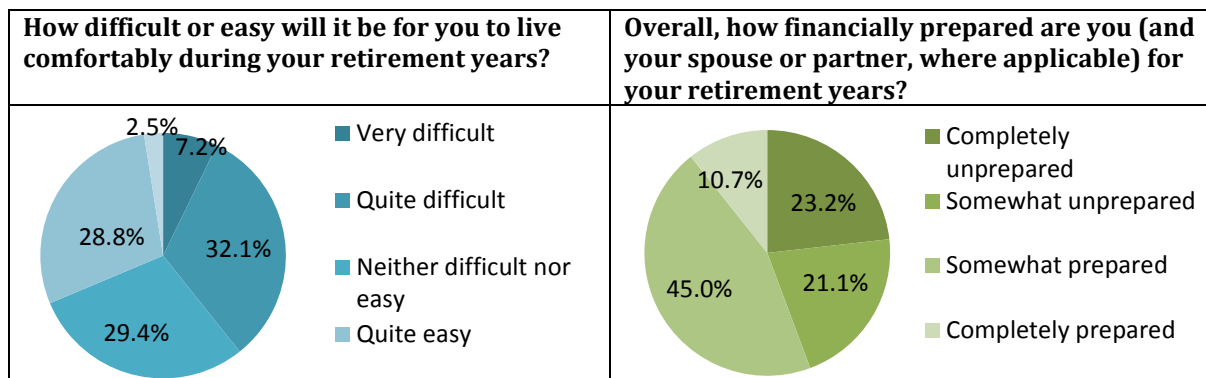


Table 4 Retirement Optimism Index, bi-monthly

Month	Retirement Optimism Index		
	Overall	Comfort in Retirement	Financially prepared in retirement
Nov-17	100	100	100
Jan-18	92	91	93
Mar-18	100	99	101

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The Bank of Ireland Savings and Investment Index is produced monthly from a minimum sample of 800 consumers aged 15 years and above. The ESRI carries out the Savings and Investment Index research to ensure the indices represent a national sample.

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