

- Strong recovery in savings attitudes fuels gain in Savings Index – 51 per cent of people were regular savers in April, up from 46 per cent in March
- Sentiment towards investing recovers, helped by easing trade war fears and strong April stock market performance
- 92 per cent of people say Brexit has not affected their savings pattern

The Bank of Ireland/ESRI Savings and Investments Index, which measures Irish peoples' sentiment towards savings and investments increased to **101** points in April from **98** in March 2018. This represents a return to the upward trend observed since December 2017.

Savings Index

The monthly Savings Index recovered from **99** last month to **103** in April. A big improvement in attitudes towards saving drove this increase. The monthly Savings Attitudes Index, which asks people about their saving behaviour and how they feel about the amount they save, increased to **106** points in April from 99 in March. The proportion of regular savers improved to 51 per cent in April versus 46 per cent in March with regular saving improving noticeably for the under 50s.

Brexit and Saving

This month consumers were asked if the uncertainty around Brexit affected their savings patterns in order to understand if people are saving more in anticipation of Brexit. The vast majority of people (92 per cent) answered that Brexit was not affecting their savings patterns. Younger savers appeared marginally more concerned about the effects of Brexit – 6 per cent of under 50s were saving more as a result of Brexit compared with only 1 per cent of over 50s.

The survey also found that Brexit was a greater motivation for savers outside Dublin compared with in Dublin. Outside Dublin 5 per cent of people said they were saving more as a result of Brexit compared with only 1 per cent in Dublin.

Investments Index

Similar to its savings counterpart, the Investment Index measures respondents' attitudes towards investing and how they view the investment environment. The monthly Investment Index increased to **100** points in April from **97** in March 2018 ticking back up to the level in January of this year.

The monthly Investment Attitudes Index increased to 98 index points in April from 94 in March – 33 per cent of people were regular investors in the month, up from 29 per cent in March.

Meanwhile, easing trade tensions helped both market performances and the Investment Environment Index in April. Stock markets enjoyed their best month so far in 2018, gaining 2.8 per cent. This positive backdrop was reflected in the Investment Environment Index which increased from 99 to 102.

Additional €10K

This Risk Barometer asks households how they would consider using a windfall gain of €10,000. The April results showed Irish people edging more towards investments and away from saving. The percentage of people saying they would invest a €10,000 windfall rose to 36 per cent from 25 per cent in February. However, generally Irish people retain a heavy preference for saving with 64 per cent of people saying they would consider saving a windfall gain.

Press Release

Commenting on the Bank of Ireland Savings and investments Index, Tom McCabe, Bank of Ireland Investment Markets said: *“The finding that Brexit is almost a non-event for 92 per cent of Irish savers at present is the standout discovery from this month’s analysis of Irish savings and investment patterns. This suggests some level of uncertainty around how Brexit could affect the Irish economy and peoples’ finances.*

However Irish people have built up a large savings buffer in recent years, amounting to over €100 Billion. A combination of improving employment and wages coupled with tax cuts have helped make saving more affordable for Irish people. Therefore, it seems that Irish people have certainly put some protection in place against the fallout from a hard Brexit, even if they have done so unintentionally.”

ENDS

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
Nov-16		95.5	100.6	90.3			
Dec-16		90.2	91.2	89.2			
Jan-17		94.8	98.3	91.3			
Feb-17		89.2	87.4	91.0			
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
Apr-18	101.5	102.9	106.2	99.6	100.1	98.0	102.2

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 falling by 4.3 per cent in March 2018 to 98 index points, the monthly Savings and Investment Index recovered ground in April 2018 and increased by 4.0 per cent to 102 index points. The rise in the Index was driven by an overall improvement in both savings and investment attitudes and environment but the largest improvement was on households saving attitudes.
- The short-term outlook of the Irish Economy remains strong and is likely to support household's savings and investment attitudes. Having potentially dipped to cover unexpected spending with the adverse weather in March, savings activity has rebounded. Investment sentiment is likely rising on waning global market volatility and knowledge that trade protectionism may be more rhetoric than reality.

The Savings Index

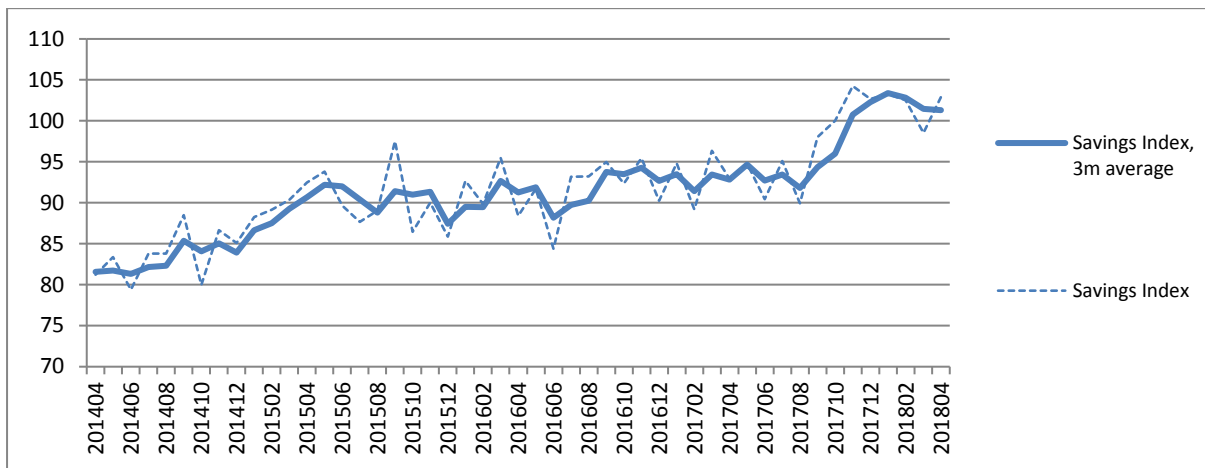
- The overall Savings Index is presented in Figure 2. As the Index continues the old ESRI/Nationwide UK monitor, it is possible to track its evolution from early 2014. The chart presents the level of the Index as well as a three month moving average to provide more insight into the trend.
- The monthly Savings Index has been around 103 points since December 2017 due to offsetting variations in its two sub-indexes. In March 2018 the Savings Index dropped by 3.9

per cent to 99 index points but in April returned to its previous trend of about 103 points (4.4 per cent increase).

Table 2 - Savings Index and components, monthly

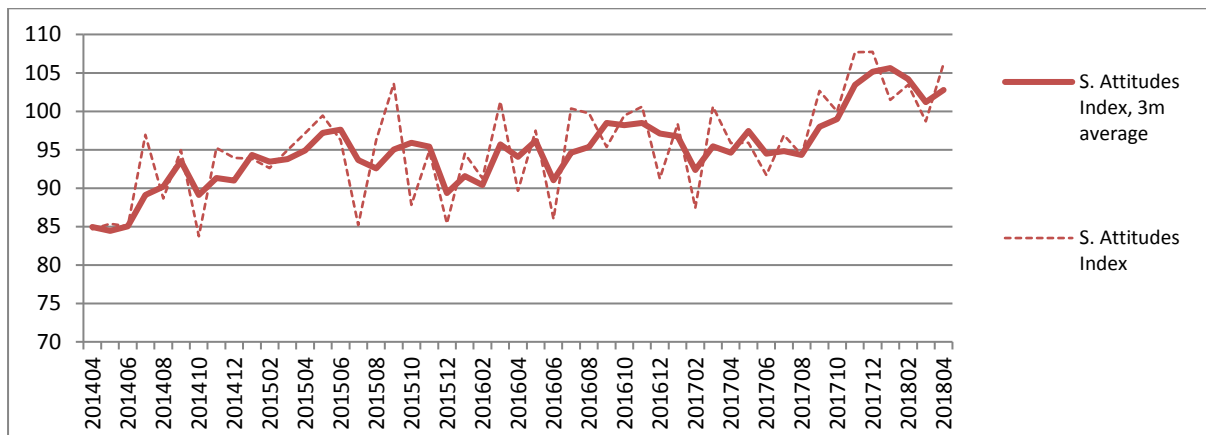
Month	Savings Index						
	Overall	Sav. Attitudes Index			Sav. Environment Index		
		Sav. A. Index	Do You Save	Savings Amount	Sav. E. Index	Good Time Save Now	Good Time Save 6 Months
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	104.2	107.7	105.6	109.8	100.8	98.8	102.8
Dec-17	102.7	107.7	105.8	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
Apr-18	102.9	106.2	107.9	104.5	99.6	98.1	101.1

Figure 2 - Savings Index



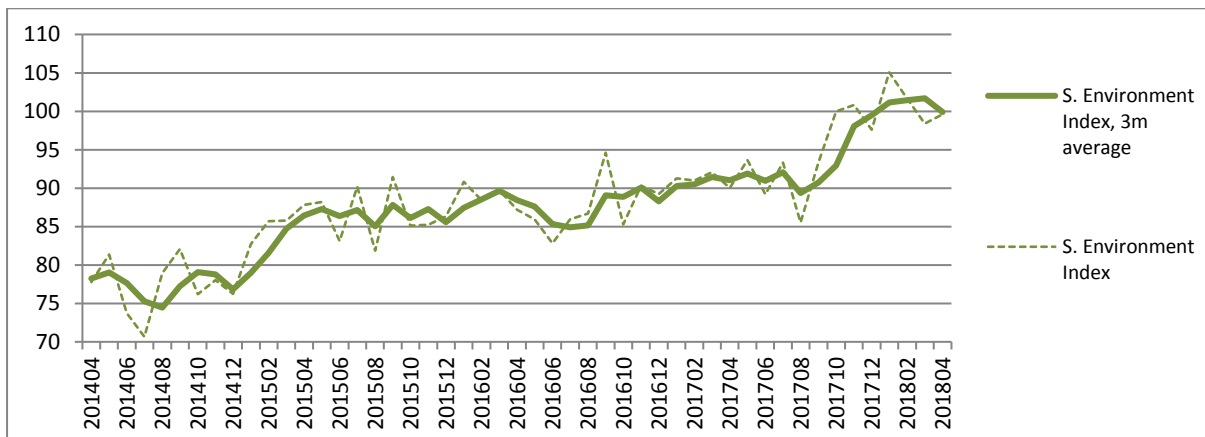
- The two sub-indexes that compose the Savings Index are the Savings Attitudes and the Savings Environment. The monthly Savings Attitudes Index increased by 7.6 per cent to 106 points in April from 99 in March 2018. This increase was driven by both a larger proportion of households saving and by a heightened satisfaction with the amount saved.
- The Savings Environment Index increased by only 1.2. per cent in April 2018 as views on both the present and future savings landscape improved slightly.

Figure 3 - Savings Attitudes Sub-Index



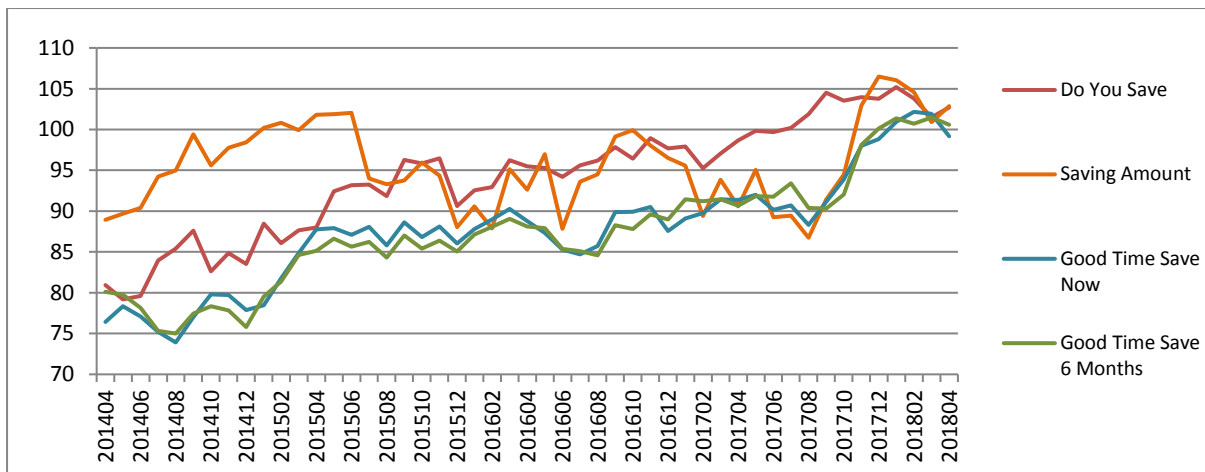
- The Savings Attitude Index is built on two questions which ask respondents about their saving behaviour and how they feel about the amount they save.
- In April 2018, the sub-index capturing whether or not people save increased sharply to 108 points from 99 in March 2018. Around 50.9 per cent of the households said they saved regularly in April 2018, 23.2 per cent mentioned they save occasionally and 25.8 per cent mention they did not save at all. This compares with 46.4 per cent, 21.8 per cent and 31.8 per cent in March 2018. The proportion of non-savers decreased substantially in April, which has driven the Index higher.
- Dublin had the highest increase in the proportion of regular savers while the Rest of Ireland (excluding Dublin and BMW) marked a pronounced drop in the share of non-savers. The continued buoyancy of the domestic economy, and its propagation outside the main urban centres is likely to facilitate increased household resources for saving outside Dublin.
- The sub-index capturing how much people save increase by 6.0 per cent to 105 points in April from 99 March.
- There was a considerable decrease in the proportion of households stating that they were saving less than they should (from 49.5 per cent in March to 45.8 per cent in April) and an increase in the proportion of households feeling they were saving the right amount (from 40.9 per cent in March to 44.6 per cent in April 2018).
- This increase in the positivity around the alignment of savings plans with actual outturns can be indicative of increased household disposable incomes.

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 April 2018, the former sub-index increased marginally to 98 index points from 97 in March 2018. The latter sub-index also increased to 101 points from 100 in March 2018.
- While global factors have weighted negatively on perceptions recently, these may have been more than offset by positive domestic economic performances leading to a more buoyant savings environment.

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 increased to 100 points in April from 97 in March 2018 ticking back up to the level in January 2018.

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
Apr-18	100.1	98.0	101.6	94.3	102.2	100.7	103.6

- The monthly Investment Attitudes Index increased by 4.0 per cent to 98 index points in April from 94 in March driven by a rise in the number of households investing. The Investment Environment Index increased by 3.1 per cent to 102 index points in April 2018 from 99 in March, this is the second time since the start of the Index that it crossed the 100 points line.
- The Investment Attitude sub-index asks respondents about their investment behaviour and how they feel about the amount they invest. The first increased by 12.1 per cent to 102 index points in April from 91 in March. The latter dropped by 3.4 per cent to 94 index points in April from 98 in March.
- In April 2018, about 32.8 per cent of the respondents claimed to have invested regularly, up from 29.2 per cent in March and 3.6 per cent reported to invest occasionally, up from 3.2 per cent in March. This represents a fall in the share of households not investing at all from 67.5 per cent in March to 63.6 per cent in April 2018. The rise in the proportion of households investing was particularly pronounced among those with less than 50 years old.
- The proportion of households feeling they invested more than they should decrease from 4.3 per cent in March to 2.9 per cent in April 2018, while the proportion of households believing they do not invest enough increased to 39.1 per cent in April from 38.3 per cent in March 2018. Nevertheless, there is a slightly higher share of households (58.0 per cent in April versus 57.5 per cent in March) satisfied with the amount they are investing.
- Household's views on the investment environment increased in April 2018 (+3.1 per cent), led by a rise in future environment expectations. Respondents seem to believe that April is a slightly better time to invest when compared to March (+1.6 per cent) and they believe that in 6 months' time it will be even better time to invest (+4.6 per cent).
- As the March numbers pointed to a weakening of investment attitudes, potentially on global factors, April readings suggest a moderation of the global fears.

Risk Barometer

- The risk barometer asks households if they would save and/or invest if they were given €10,000 tomorrow. About 65% said they would save at least part of it and 36% said they wouldn't save but they would invest.
- In April, the proportion of households choosing to invest at least part of the €10,000 increased substantially by about 14 percentage points and the proportion of households choosing to invest and not save increased by about 11 percentage points relative to March 2018. Most of the households would pick pensions or property as an investment.
- This was reflected in a smaller proportion of households choosing to save at least part of the €10,000.
- The heightened investment sentiment in the risk barometer may reflect a softening of international risk factors from the uncertainties on announced trade protections and stock market volatility in February and March.

Chart 1 - Risk Barometer Question

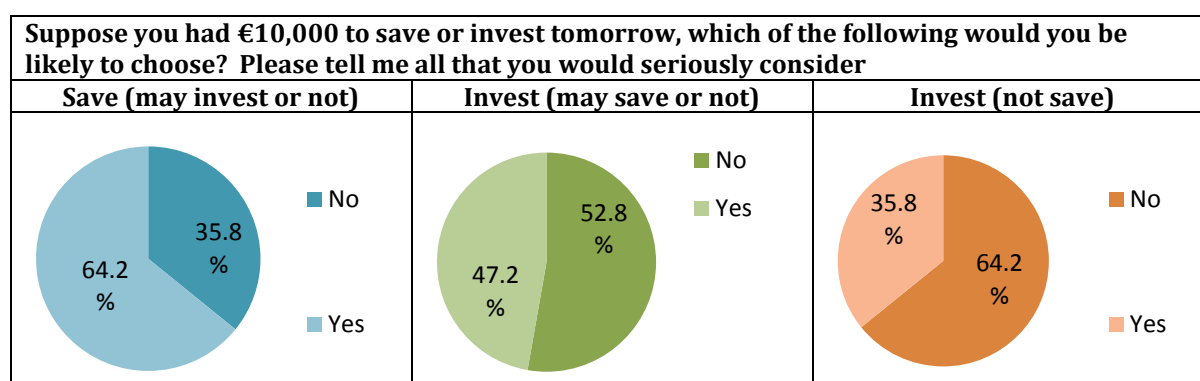


Table 4 - Risk Barometer, bi-monthly

Month	Risk Barometer (Bi-monthly)					
	Save (may invest or not)		Invest (may save or not)		Invest (not save)	
	No	Yes	No	Yes	No	Yes
Oct-17	30.8%	69.2%	58.7%	41.3%	69.2%	30.8%
Dec-17	37.6%	62.4%	52.8%	47.2%	62.6%	37.4%
Feb-18	24.5%	75.5%	66.4%	33.6%	75.5%	24.5%
Apr-18	35.8%	64.2%	52.8%	47.2%	64.2%	35.8%

About the Index: The Bank of Ireland/ESRI Savings and Investment Index tracks household views on attitudes towards savings and investment as well as understanding 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 the retirement planning. These will be presented on alternate months. For October, only the Savings Items will be published until a sufficient dataset is developed on investment.

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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