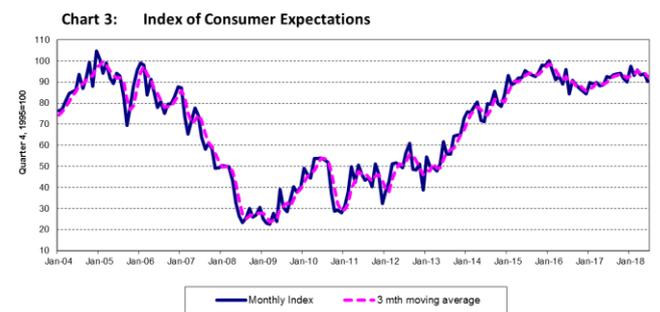
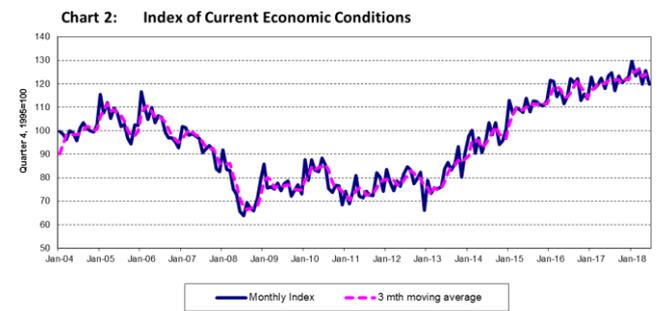
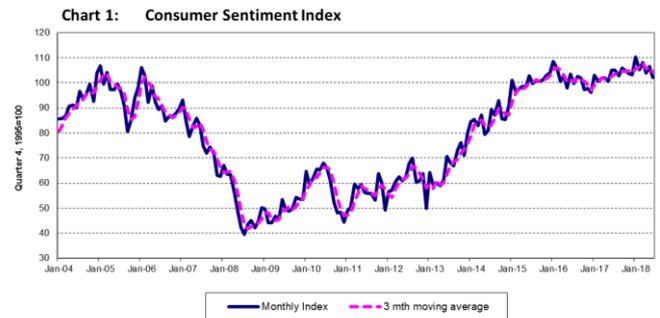


The Consumer Sentiment Index (Chart 1) fell in June to 102.1 index points. From both annual and monthly perspectives, this change represents a broad-based fall in consumer confidence. As Table 1 highlights, sentiment was primarily driven down by revised employment outlooks and a weakened appetite for major household purchases. While the Consumer Sentiment Index remains distinctly positive in terms of the formation of overall attitudes, this decline coincides with a persistent weakening of consumer confidence across the Eurozone.

Current Economic Situation

The Index of Current Economic Conditions tracks developments in consumers' personal financial situations over the past 12 month as well as their views on whether the present represents a good time to make major purchases. The Index (Chart 2) fell by 5.9 index points to 119.8 from May 2018. On an annual basis, the Index declined by 3.6 index points. Confidence in improved personal financial situations weakened by 2.0 index points while consumer attitudes towards major household purchases fell by 9.1 index points. For the first half of 2018, the index has fallen in total by 3.2 index points. This marks a notable shift away from significant improvements between January and June of every year since 2010.

The Index of Consumer Expectations tracks consumers' outlook with respect to future economic developments over the next year, taking into account expectations of their future personal finances as well as broader economic performance. Compared to May, the Index (Chart 3) declined by 3.6 index points to 90.3. Sentiment regarding future economic growth fell marginally by 1.7. Expectations of potential employment levels saw a stronger downward revision, declining by 5.9 index points. Taking into account the first half of 2018, the Index of Consumer Expectations experienced a 0.3 index point increase.



Personal Financial Situation

In June, fewer households have indicated that their personal financial situations improved over the last 12 months (-2.0 index points). Expected financial situations over the next 12 months also experienced a modest downward revision (-4.3 index points). On an annual basis, views of current and expected financial situations also diminished. These declines in confidence coincide with alarming increases in geopolitical tensions, political instability in Europe and a prolonged period of recovery in the domestic economy. While overall sentiment remains positive, revisions are understandable when facing such an uncertain landscape.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	June. 2017	May. 2018	June. 2018
Overall Consumer Sentiment Index	95.6	↓4.5	105.0	106.7	102.1
Index of Current Conditions	109.9	↓5.9	123.4	125.7	119.8
Index of Consumer Expectations	86.0	↓3.6	92.7	93.9	90.3
Personal Financial Situation over last 12 months	86.1	↓2.0	106.1	107.0	105.0
Personal Financial Situation over next 12 months	105.6	↓4.3	121.4	121.5	117.2
General Economic Outlook	67.4	↓1.7	68.6	69.5	67.8
Outlook for Unemployment	89.3	↓5.9	92.2	95.6	89.7
Major Purchases	129.5	↓9.1	137.6	141.0	131.9

(1) Index values: Quarter 4, 1995 = 100.

(2) Average value between June 2013 and June 2018

Disclaimer

This report has been reviewed prior to publication. The authors are solely responsible for the content and the views expressed.

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 with 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 were 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 April 1996 are available on the ESRI website, www.esri.ie and on the KBC Bank Ireland website, www.kbc.ie. The most recent releases are also available on the website.

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