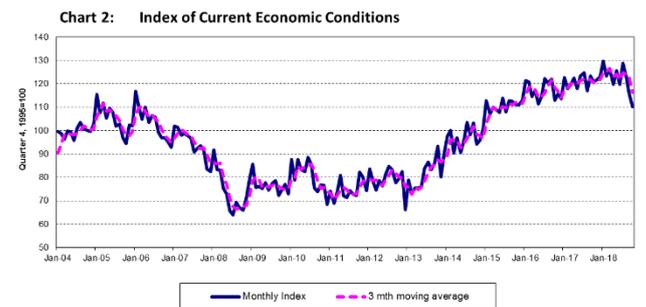
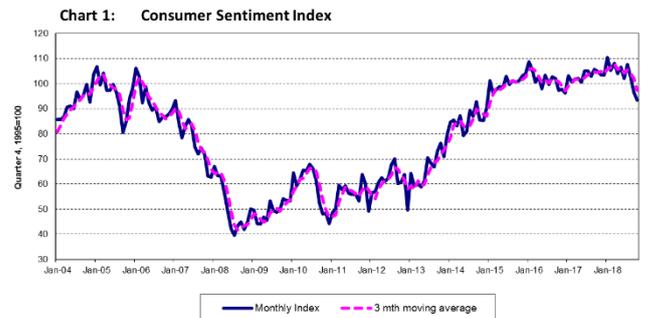


The Consumer Sentiment Index (Chart 1) fell for a third consecutive month from 96.4 points in September to 93.5 points in October. Relative to the same period last year, this represents a fall of 11.3 index points. Similar double-digit declines have occurred within the two subcomponents of the index; Current Economic Conditions and Consumer Expectations. Significant downward revisions in macroeconomic outlooks and attitudes towards major household purchases appear to have driven the overall decline in sentiment.

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) decreased by 5.1 index points between September and October, reaching 110.3. On an annual basis, confidence in current conditions fell 10.2 index points. While the decline in current financial conditions fell moderately (-1.5 index points), highly positive sentiment towards major household purchases experienced a major decrease (-8.1 points).

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 September, the Index (Chart 3) declined by 1.6 index points to 82.1. Concerns about the general economy appear to be accelerating in growth as Ireland approaches the Brexit-deadline of March 2019. The general economic continues to hang close to the 50 point index region, a level which would suggest the majority of individuals expect weaker economic performance in the next year.



Personal Financial Situation

While many of the sentiment indicators have ticked down in October, households are more bullish on how their own personal circumstances will change over the next 12 months. However, confidence in their current financial situation appears to have deteriorated, relative to September. This latter response may be linked to the government's most recent announcements for Budget 2018, which delivered minor reductions in income tax liability and increased social contributions to the general public. While individuals generally remain positive about potential changes in their financial situations, a year-on-year perspective reveals sudden and major losses of confidence both in September and October, likely tied to recent elevations in Brexit-concerns.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	Oct. 2017	Sept. 2018	Oct. 2018
Overall Consumer Sentiment Index	97.6	↓3.0	104.8	96.4	93.5
Index of Current Conditions	112.2	↓5.1	120.5	115.4	110.3
Index of Consumer Expectations	87.8	↓1.6	94.3	83.7	82.1
Personal Financial Situation over last 12 months	89.6	↓1.5	103.4	97.5	96.0
Personal Financial Situation over next 12 months	108.5	↑1.0	121.5	108.0	109.0
General Economic Outlook	68.4	↓2.4	68.5	58.8	56.5
Outlook for Unemployment	90.9	↓3.9	98.9	90.9	87.1
Major Purchases	130.8	↓8.1	134.7	130.1	122.1

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

(2) Average value between October 2013 and October 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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