

- Strong improvement in saving attitudes and outlook for saving environment in February
- People at their most positive on record about the saving environment
- Confidence in the investment outlook hits a record low for third month in a row

The Bank of Ireland/ESRI Savings and Investment Index, which measures sentiment towards saving and investment, hit a five month high in February, rising from **99** to **102**. The headline improvement in the index was driven exclusively by stronger saving sentiment with the Savings Index hitting an all-time high of **107** in February. In contrast the Investment Index remained at **97**, close to its recent lows.

Savings Index

The monthly Savings Index rose to an all-time high of **107** in February, up from **102** in January, driven by both improved attitudes toward saving and greater confidence in the outlook for the savings environment. Regular savings patterns remained strong in February with **51%** of people saving regularly. People also seemed more comfortable around the amounts that they were saving - the percentage saying they didn't save enough falling to a six month low in February. Together this pushed the Saving Attitude subindex to a six month high of **110**.

The more notable aspect of the improved saving sentiment in February was the increased positive sentiment among Irish people towards the savings environment, something which has tended to hold back overall savings sentiment in the past year. The percentage of people that felt it was a good time to save rose to **43%** in February (up from **41%** in January) while the percentage of people that felt it was a bad time to save fell to **26%**, the lowest in a year and down from **29%** in January. In addition, people felt it would be an even better time to save in six months - **42%** felt it would be a good time to save in six months' time, more than double the **18%** that felt it would be a bad time to save. Together these responses pushed the Saving Environment subindex to **103** in February, the strongest reading since January 2018.

Commenting on the February results for the Bank of Ireland/ESRI Investment Index, Tom McCabe, Bank of Ireland Investment Markets said: *"The improvement in peoples' outlook for the savings environment was the key takeaway from the gain in saving sentiment in February. 1 in 2 people are saving regularly and the proportion of people who say they are saving more than they think they should is increasing, at a time when deposit rates remain very low. These responses possibly reflect the growing risk of a disruptive Brexit and the likely short term difficulties this could cause to the Irish economy. In short it seems that uncertainty around the UK's departure from the EU is leading to greater precautionary saving ahead of a possible no deal Brexit."*

Investments Index

The Investment Index treaded water in February, remaining unchanged at **97** compared to January. However investment activity patterns and sentiment on the market outlook went in completely opposite directions in the month. Given the backdrop of recent investment market

volatility and the fast approaching Brexit date, the Investment Attitudes subindex surprisingly rose to **109** in February, its highest level since August. The percentage of people investing regularly hit a one year high of **36%** in February, driven by stronger investment patterns from younger people (under 50) and those in Dublin in particular.

This positivity however was offset by other data indicating that Irish people remain very downbeat on the outlook for investment markets. For the third month in a row the Investment Environment subindex hit a fresh all-time low of **85**. This was despite the recent stock market recovery continuing in February with global stock markets now up **11%** for Irish investors since the beginning of the year.

On a net basis people felt it was a bad time to invest with **31%** of people saying it was a bad time to invest compared to **25%** who felt it was a good time. People were a little more optimistic about investing in six months' time which suggested that it is near term factors (of which Brexit is likely to be one) that are really depressing investment sentiment.

Tom McCabe commented: *"The February results reflect the dilemmas currently faced by investors. A good start to the year for markets together with continued weak returns from deposits could explain why we saw more people investing in February. However, at the same time investors' concerns about what Brexit will eventually look like seems to be overshadowing everything else when it comes to their short term market outlook. With investors facing so many short term quandaries, it's not surprising investment sentiment treaded water last month."*

Additional €10k

February's responses for our risk barometer question also tended to indicate that temporary factors like Brexit seem to be distorting 'normal' saving and investment trends. When asked how people would use a windfall gain of €10,000, **60%** of people said they would prefer to save it – the lowest reading since we first asked the question. In contrast **40%** of people said they would invest the windfall, the highest response since we first asked the question.

At first glance this would suggest that risk appetites are rising when in fact the data from the Savings and Investment Index appear to indicate the opposite. The big contrast here again signals that Irish people are presently attaching a heavy significance to prevailing issues like Brexit when saving or investing their hard earned cash. However, free of this 'weight', the response here hints that their saving and investment behaviour could be very different.

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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
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
May-18	101.0	103.9	107.3	100.5	98.1	97.7	98.5
Jun-18	100.4	98.9	103.3	94.4	101.8	102.5	101.1
Jul-18	99.5	101.7	103.3	100.1	97.3	97.0	97.6
Aug-18	105.5	105.4	112.0	98.7	105.7	110.2	101.2
Sep-18	102.6	101.8	104.3	99.2	103.4	101.2	105.7
Oct-18	99.4	99.9	102.3	97.6	98.8	102.0	95.6
Nov-18	100.1	100.0	99.2	100.8	100.3	101.8	98.7
Dec-18	99.4	103.0	103.9	102.1	95.7	99.2	92.2
Jan-19	99.4	101.6	104.8	98.3	97.2	104.7	89.7
Feb-19	101.8	106.5	110.3	102.8	97.1	109.5	84.8

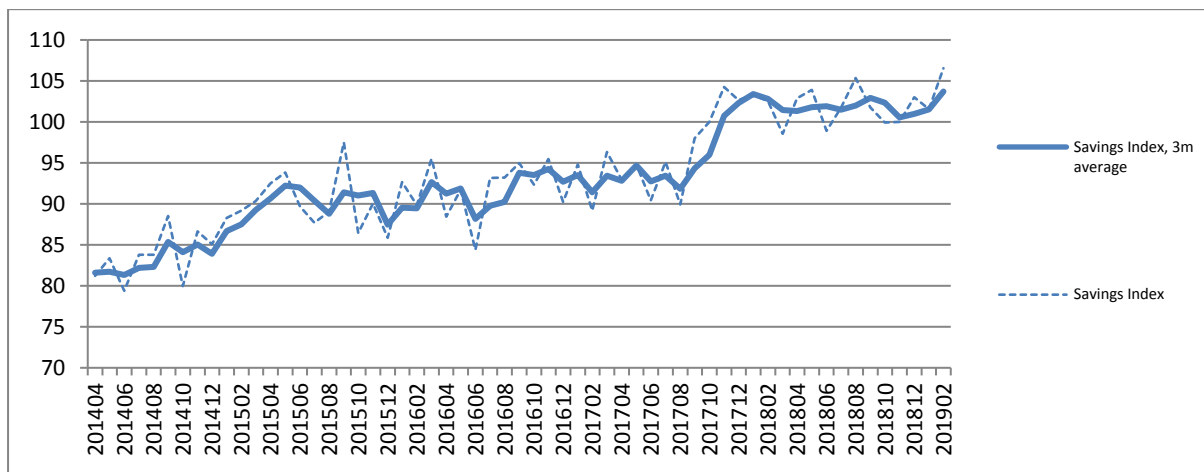
The Savings and Investment Index

- 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 investment to provide a broad understanding of household's views on their financial decision making.
- The monthly Savings and Investment Index increased to 101.8 points in February from 99.4 points in January 2019 due to a significant rise in the Savings Index. While the Investment Index remained relatively stable at 97.1 points, the Savings Index increased to an all-time high of 106.5 index points.
- Attitudes towards savings rose significantly over this time period with a large increase in individuals' satisfaction with the amount being saved.
- For the third straight month there was a deterioration in views towards the investment environment which fell by 4.9 index points from January to February. With a lack of clear progress having been made in the ongoing Brexit talks and the March 29th withdrawal date imminent, Irish investors are understandably wary about the prospect of investing today and in 6 months' time.

The Savings Index

- The two sub-indices that compose the Savings Index are the Savings Attitudes and the Savings Environment. In February 2019 the Savings Index increased by 4.9 index points to 106.5. This was primarily due to of an increase in the level of satisfaction with the amount individuals were saving. There was also an increase in the number of people saving and improved perceptions towards the savings environment.
- The overall Savings Index is presented in Figure 1. 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.

Figure 1 - Savings Index



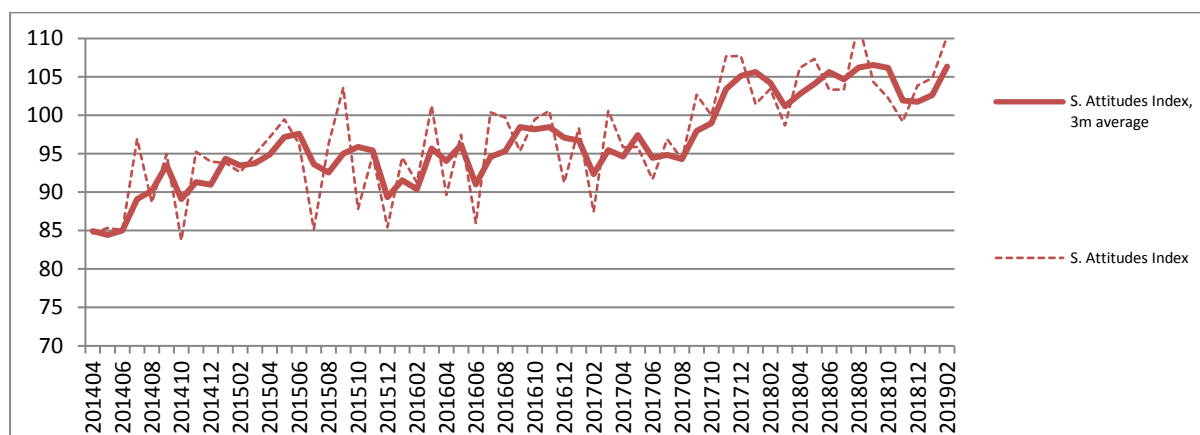
- The Savings Attitudes Index rose by 5.5 points in February up to 110.3 index points. This was primarily due to an increase in respondents' satisfaction with the amount they were saving. There was also a slight increase in how regular people were saving over this time.
- The Savings Environment Index rose by 4.5 index points to 102.8 in February, as views towards whether it was a good time to save today and in 6 months' time both improved.

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

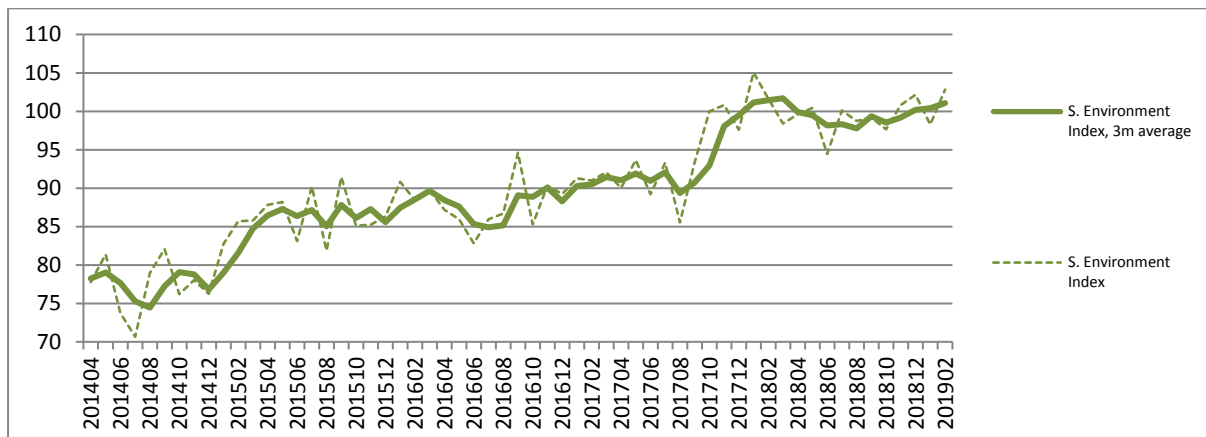
Apr-18	102.9	106.2	107.9	104.5	99.6	98.1	101.1
May-18	103.9	107.3	103.9	110.8	100.5	100.3	100.7
Jun-18	98.9	103.3	101.0	105.6	94.4	94.3	94.6
Jul-18	101.7	103.3	103.9	102.8	100.1	98.4	101.8
Aug-18	105.4	112.0	104.0	120.0	98.7	99.1	98.3
Sep-18	101.8	104.3	102.8	105.9	99.2	99.2	99.2
Oct-18	99.9	102.3	99.8	104.7	97.6	96.8	98.4
Nov-18	100.0	99.2	98.3	100.1	100.8	99.8	101.8
Dec-18	103.0	103.9	103.5	104.3	102.1	104.3	100.0
Jan-19	101.6	104.8	107.2	102.5	98.3	98.6	98.0
Feb-19	106.5	110.3	108.0	112.5	102.8	102.9	102.8

Figure 2 - Savings Attitudes Sub-Index



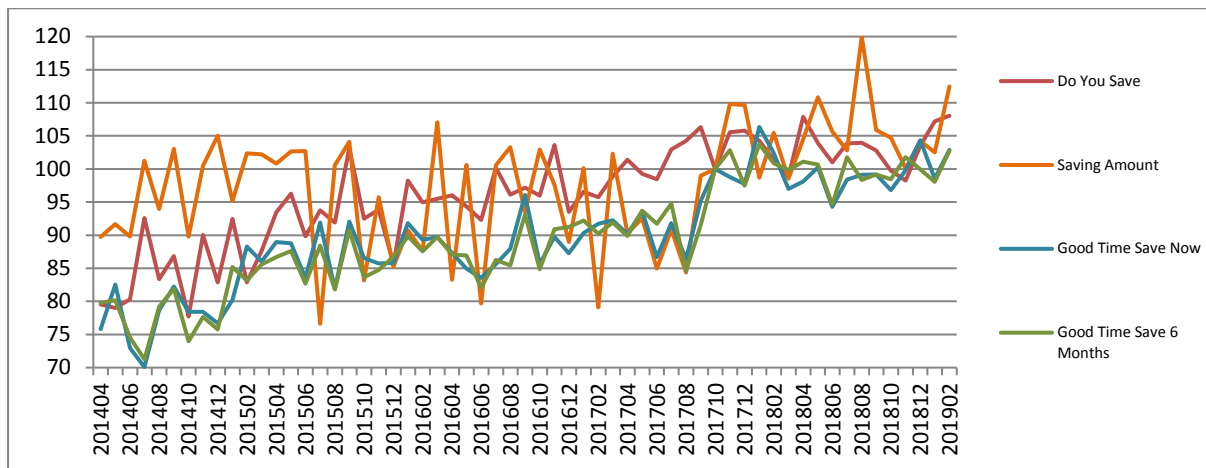
- The Savings Attitude Index is built on two questions which ask respondents about their saving behaviour and how they feel about the amount they save.
- The proportion of savers increased in February with 74 per cent of respondents indicating they saved at least occasionally in comparison to 71 per cent the previous month. 51.4 per cent indicated they saved regularly while 26 per cent said they did not save at all.
- There was an increase in saving across all three regions in the country and in particular among those from the Rest of Ireland region where the number of people saving increased by 4.7 per cent. In Dublin, four out of every five people now indicate they save at least occasionally.
- There was a large increase in the number of people over the age of 50 who were saving, up by 7 per cent from the previous month. The number of people under the age of 50 who were saving remained stable at 77 per cent.
- The main reason for the improvement in the Savings Attitude Index in February was the 10 point jump in the Savings Amount sub-index. This was due to a fall in the amount of people who felt they didn't save enough. Those who indicated they didn't save enough was down by 10.4 per cent in Dublin and 2.2 per cent in the Rest of Ireland.

Figure 3 - 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.
- Sentiment about whether it was a good time to save today and in 6 months' time both improved on the previous month. The 'Good Time to Save Now' sub-index increased by 4.3 index points to 102.9, while the 'Good Time to Save in 6months' sub-index increased by 4.8 points to 102.8.
- Those from the BMW and Rest of Ireland regions showed the biggest increase in positive sentiment towards saving today, up by 5.6 and 6.3 per cent respectively. However, in Dublin there was a drop of 8.8 per cent in the number of people who thought it was currently a good time to save. Similar patterns were seen for sentiment towards saving in 6 months' time with a fall of 10.3 per cent in those from Dublin who thought it would be a good time to save in 6 months' time, while amongst those from the BMW and Rest of Ireland regions views on whether it would be a good time to save in 6 months' time were up by 5.4 and 6.7 per cent respectively.
- In terms of age, optimism towards the savings environment increased most among those over the age of 50 where there was an increase of 5.2 per cent in those who thought it was good time to save today and an increase of 6.6 per cent in those who thought it was would be a good time to save in 6 months. The views of those under the age of 50 were very similar to those expressed in the previous period with those who thought it would be a good time to save in 6 months' time down 1.1 per cent while views towards saving today remained unchanged from January.

Figure 4 - Savings Questions Indexed (3 Month Rolling Average)



Investment Index

- The Investment Index measures how consumers feel about their ability to invest and monitors their investment patterns.
- The monthly Investment Index declined by 0.1 index points between January and February to 97.1. The stability of the overall Investment Index over this period masks significant divergence between the sub-indexes which compose the main index, the ‘Investment Attitudes Index’ and the ‘Investment Environment Index’. While the Investment Attitudes index rose by 4.8 index points to 109.5, the Investment Environment Index fell by 4.9 points to 84.8. This is the third straight month views towards the investment environment have deteriorated.

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
May-18	98.1	97.7	97.5	98.0	98.5	95.5	101.5
Jun-18	101.8	102.5	101.2	103.9	101.1	97.2	105.0
Jul-18	97.3	97.0	101.3	92.8	97.6	95.1	100.2
Aug-18	105.7	110.2	100.4	120.0	101.2	99.0	103.3
Sep-18	103.4	101.2	98.0	104.3	105.7	104.1	107.2
Oct-18	98.8	102.0	98.0	106.1	95.6	95.1	96.1
Nov-18	100.3	101.8	107.4	96.1	98.7	98.0	99.4
Dec-18	95.7	99.2	102.9	95.6	92.2	90.1	94.4

Jan-19	97.2	104.7	103.7	105.8	89.7	86.5	92.9
Feb-19	97.1	109.5	116.4	102.5	84.8	83.9	85.7

- The Investment Attitude index asks respondents about their investment behaviour and how they feel about the amount they invest.
- Investment participation grew substantially on the previous month, up by 12.7 points to 116.4. This is the highest level the 'Do You Invest' index has been at since the investment index was introduced. However, it should be noted that there was a similar increase in this index in February 2018 meaning that what is being seen here could be a seasonal effect. This rise in investment was nearly entirely driven by an increase in investment in Dublin where there was an increase of 19 per cent in the amount of people currently investing. In the Rest of Ireland region there was a slight increase of 1.5 per cent in the number of people investing while there was a drop of 3.2 per cent in the number of people investing from the BMW region. Investment participation increased across both age groups by just under 6 per cent.
- Looking at the investment amount sub-index, there was a fall in satisfaction amongst investors in the amount they were investing with the index falling to 102.5 from 105.8 the previous month. There was a sizeable decrease in those from the BMW region who were satisfied with the amount they were investing down by 15.2 per cent on the previous period. In the Rest of Ireland region there was a smaller decrease of 4.6 per cent. In contrast, in Dublin there was increased satisfaction with the amount being invested, up 4.7 per-cent.
- Those under the age of 50 had the largest decrease in satisfaction with the amount they were investing, down 9 per cent on the previous period. Amongst those over the age of 50, there was a 0.8 per cent increase in those who thought they were investing just the right amount.
- Both the sub-indexes composing the Investment Environment, Investing Now and Investing in 6 Months' Time, were down on what were already record low points in the previous period. Both these sub-indexes are at their lowest point since the survey was first conducted, at 83.9 and 85.7 points respectively. With the date of Brexit drawing closer and no deal currently in place, Irish investors are becoming increasingly bearish on the investment environment.
- Pessimism towards investing today and in 6 months' time was evident across both age groups. Among the younger cohort there was a fall of 3.5 per cent and 6.6 per cent in those who thought it was a good time to invest now and in 6 months' time respectively. Among the older cohort, views towards investing today decreased by 6.5 per cent and views towards investing in 6 months' time fell by 7.3 per cent.
- Views towards investing deteriorated most significantly in Dublin where there was a 10.8 per cent fall in the number of people who thought it was currently a good time to invest and a 12.1 per cent drop in the number of people who thought it would be a good time to invest in 6 months. The BMW region was the only region in which views towards investing today were up on the previous period.

Risk Barometer

- The risk barometer asks households if they would save and/or invest if they were given €10,000 tomorrow. About 59.8 per cent of those surveyed said they would save at least part of the windfall while 40.2 per cent said they would not save but they would invest.
- The willingness of households to take risk has increased for the second straight period and is now at its highest level since the Risk Barometer was introduced. The proportion of households choosing to invest at least part of the €10,000 increased by 4.1 percentage points and the proportion of households choosing to invest and not save increased by 3.8 percentage points relative to December 2018.
- Reflecting the increased willingness to take risk amongst respondents, interest in investing in government bonds which are considered less risky assets was down on the previous period and there was increased interest in investing in property and investment funds. Interest in investing in pensions and stocks was similar to December.
- In terms of the regional breakdown, people from Dublin expressed the largest increase in appetite for risk in comparison to those from the BMW and Rest of Ireland regions. Young people also indicated they had a greater appetite for risk in comparison to the older cohort.

Chart 1 – Risk Barometer Question

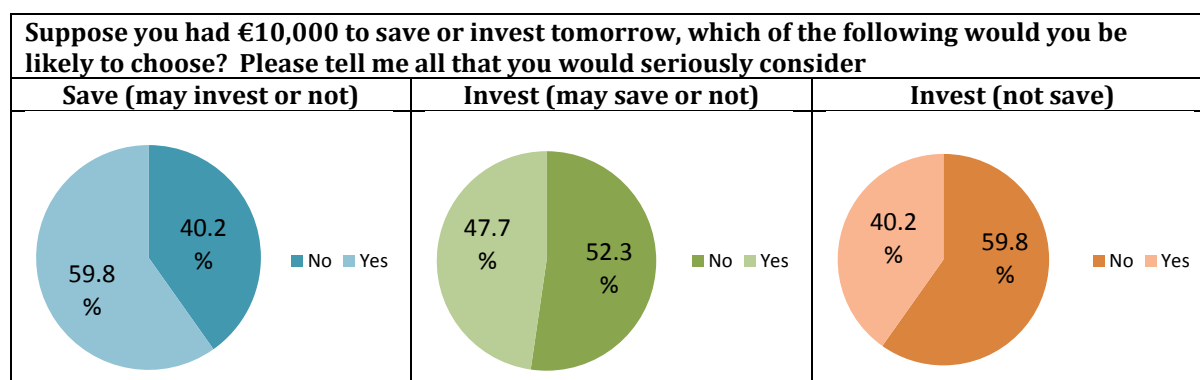


Table 4 – Risk Barometer, bi-monthly

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%
Jun-18	38.1%	61.9%	51.5%	48.5%	62.0%	38.0%
Aug-18	33.5%	66.5%	57.9%	42.1%	66.5%	33.5%
Oct-18	32.6%	67.4%	58.9%	41.1%	67.4%	32.6%
Dec-18	36.4%	63.6%	56.4%	43.6%	63.6%	36.4%
Feb-19	40.2%	59.8%	52.3%	47.7%	59.8%	40.2%

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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