Consumer confidence in Northern Ireland holds steady during Quarter 1 2016

Consumer confidence levels in Northern Ireland inched marginally upwards in the first quarter of 2016 according to the latest Danske Bank report published today.

The Danske Bank Consumer Confidence index shows that local sentiment levels experienced a very small improvement - rising from 135 in Quarter 4 2015 to 136 during Quarter 1 2016. The index was unchanged relative to one year earlier.

Commenting on the report, Danske Bank’s Chief Economist Angela McGowan said: “Confidence levels had fallen back at the end of last year so it is good to see that this decline did not continue in the first part of 2016. It should be noted however that the improvement in Quarter 1 was pretty small and just brings the index back to the Quarter 1 2015 level. A mixture of subdued global growth and Brexit uncertainty appear to be weighing on consumer sentiment right now; however these negativities are to a certain extent balanced out by lower inflation and rising real incomes. The combination of these positive and negative forces are keeping Northern Ireland’s consumer confidence levels more or less static.”

Not all aspects of the latest survey saw an improvement. In fact this marginal improvement during the latest quarter was primarily driven by one aspect of the survey - finances compared to 12 months ago.

Current financial position relative to last year
This aspect of the survey rose over the quarter by 6 points and was also up 12 points relative to one year ago. The latest survey showed that in Northern Ireland 20 per cent of households believe that they are better off now relative to last year, while 18 per cent believe that they are worse off. Sixty-three per cent of local households surveyed believe that their current financial position is unchanged when compared to one year ago.

Ms McGowan said: “It is good to see that 20 per cent of households currently feel better off relative to one year ago. This is actually the highest level of positive responses recorded for this question since the survey began. Interestingly, young people in the 25-34 age-bracket are most optimistic around their current financial position as are full-time workers. A combination of low interest rates on mortgages, low energy prices and changes to the personal allowance for income tax are all helping to support disposable
incomes for working households. However, the reality remains that for the vast majority of people in Northern Ireland their finances have neither improved nor deteriorated.

**Expectations for finances over the next 12 months**
The 'Expectations for Future Finances' aspect of the survey remained unchanged over the quarter but was down 5 points relative to the same time last year. The majority of people (60 per cent) believe their finances will remain the same in the year ahead, while 18 per cent are expecting to see their finances improve and 17 per cent believe their finances will deteriorate.

Ms McGowan said: “In reality, the outlook for household finances is very uncertain because of the EU referendum. Should the UK choose to leave the EU, we would expect to see inflation spike upwards while economic activity and job creation would slow. Without doubt we could expect our consumer confidence index to dip alongside investment and overall economic activity in the second half of 2016 and in early 2017 should a divorce between the UK and Europe go ahead.”

**Expectations for spending**
The Quarter 1 survey was disappointing when it came to ‘spending expectations’ with this aspect of the survey falling by 3 points over the quarter and 5 points relative to last year. Males are more cautious than females around spending and there is also a noticeable difference between age groups. Pensioners are the least likely to be spending more in the months ahead while 25-34 year olds plan to spend the most.

**Job Security**
There was little change in job security over the quarter and a very small dip of 1 point in the index relative to the same period last year. On the whole the vast majority of people (74 per cent) are not expecting any change when it comes to job security, 9 per cent of people believe that their job security will improve and 10 per cent see it deteriorating in the months ahead. Eight percent of respondents did not know how their job security would play out in the year ahead.

**Regional Trends**
There was a bit of variation in the confidence levels across Northern Ireland regions during Quarter 1 2016. Belfast City and the South region saw some improvement over the quarter while the North West saw confidence levels slip by nine points. In the North region confidence levels remained unchanged over the latest quarter. Belfast City remains the most confident region while confidence levels in the North are lower than in all other regions.
Notes to Editors:

- The study was carried out by Millward Brown in March 2016 with 1,000 people. It is statistically representative of the Northern Ireland population with a variance of +/- 3 per cent.

- The 'Consumer Confidence Index for Northern Ireland' examines four key areas which include information on personal finances compared to 12 months ago, as well as consumers’ expectations for spending, job security and their general financial position over the next 12 months. In addition, the survey gathers information on household savings.