

## May 2016 Consumer Confidence Briefing

The monthly UK Consumer Confidence Barometer (CCB) undertaken by GfK NOP on behalf of the European Commission\* gained 2 points to -1 in May. A year ago the measure was +1.

Across the regions confidence is up in 4 of the 6 regions and down in 2 regions. Sentiment increased most in Wales, 13 points higher at +8. There are 2-point improvements in the South (to zero) and in Scotland to -3, In the Midlands confidence rose by 1 point to -2. Sentiment fell in Northern Ireland and the North; down 2 points to +2 in the former, and by 1 point to -8 in the latter.

Of the 5 measures comprising the headline measure:

- The financial situation of households over the past 12 months is 1 point higher at +4 compared to April, and up 5 points on May 2015
- The expected financial situation of households over the next 12 months is unchanged at +7, on the month; and 4 points above 12 months ago
- The general economic situation measure over the past 12 months gained 1 point to -13 on the month, but is 13 points down on a year ago
- The general economic situation measure in the coming 12 months edged 1 point higher to -13 compared to April, but is down 13 points on 12 months ago (+1)
- The measure of consumer sentiment to making major purchases in the current economic situation is up 4 points on the month to +9, and up 7 points on May 2015

The survey also asks other questions about spending and saving. Expected spending on major purchases (such as furniture or electrical goods) in the next 12 months compared with the previous 12 months is up 2 points on the month at -5, and 9 points up on 12 months ago (-14).

Peoples' perception of the saving climate is little changed on April, slipping by 1 point on the month to +4. 47% of adults regard it as a good time to save, (2 points down on April), and 3 points better than in May 2015 (44%).

58% of households are currently saving, 1 point higher on the month, and up from 53% a year ago. In the next 12 months 60% of adults say they are likely to save, unchanged on April and 7 points higher than a year ago. Household's overall financial position (28) is 1 point better than April and 7 points above May 2015. It is 8 points above the 1997-2016 average of 20.

The jobs outlook is much weaker compared to April. The measure of unemployment expectations is 7 points worse at +23; and 20 points weaker than 12 months ago (+3). A higher score represents rising unemployment expectations. A net balance of 33% of adults (21%, April) believes unemployment will rise in the next 12 months (-1% May 2015). The measure of inflation expectations (62) is 3 points better on the month, and 1 point better than a year ago (63).

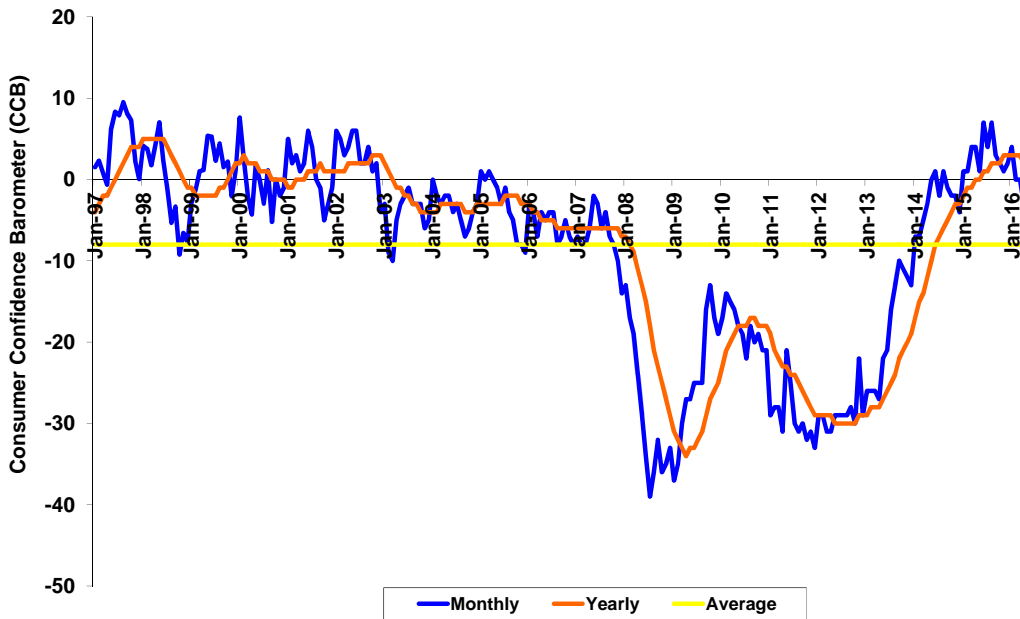
John Gilbert, Chief Executive of JGFR commented:

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*“May is historically the month when confidence is most likely to rise. Despite Referendum uncertainty consumers' financial wellbeing showed a big jump in the month. Worryingly, Brexit fears are shown in a big rise in unemployment expectations that has resulted in a sharp fall in the 2015 'Feel-good' mood brought on by the political uncertainty.”*

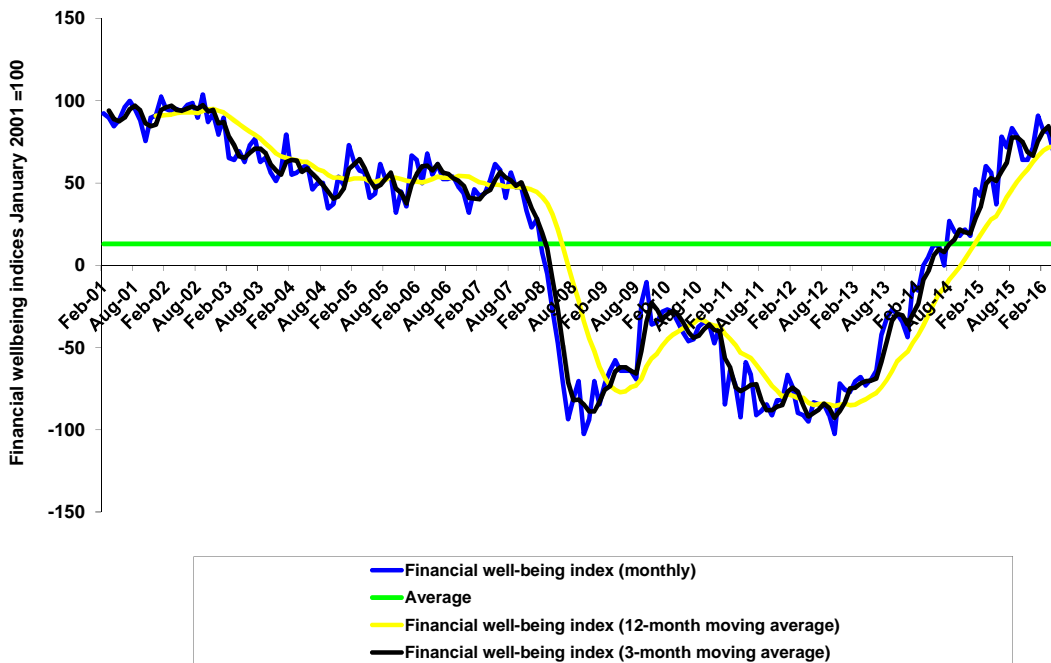
\*The UK Consumer Confidence Survey was conducted by GfK NOP among a sample of 2,000 adults aged 16+, representative of the UK population, and carried out between 1-16 May 2016. The JGFR May 2016 *UK Consumer Confidence Monitor* will be published on Thursday June 2nd.

**Chart 1: UK Consumer confidence January 1997 – May 2016**



Source: GfK NOP / European Commission / JGFR

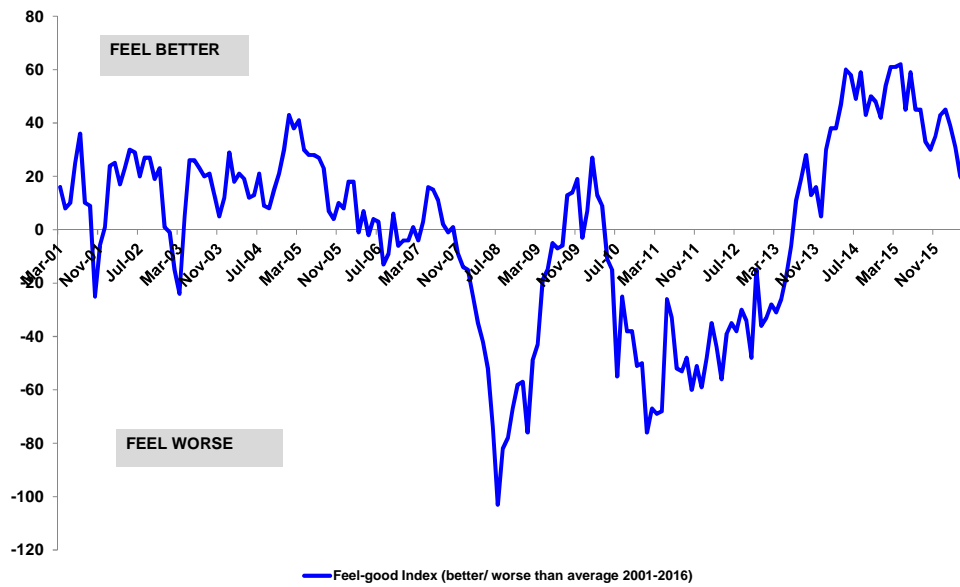
**Chart 2: Financial wellbeing improving: JGFR Financial Wellbeing Index\* 2001-16**



\*comprises of combined personal finance measures (current and future), spending confidence (climate for major purchases and intentions to make major purchases) and net proportion of saving households

Source: GfK / European Commission / JGFR

**Chart 3: Feel-good factor waning; JGFR Feel Good Index 2001-16\***



\*Index of 12-month forward measures of unemployment, inflation, personal finances and general economic situation

Source: GfK NOP / European Commission / JGFR

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