

June 2017 Consumer Confidence Briefing

The monthly UK Consumer Confidence Barometer (CCB) undertaken by GfK on behalf of the European Commission* tumbled by 5 points between May and June to -10. A year ago the measure was -1.

Confidence is down in 5 of the 6 regions. Only in the North is sentiment unchanged on the month, at -7. Biggest fall in sentiment is in Northern Ireland, down 15 points to -24. Confidence also fell sharply in the South (down 6 points to -8), in Scotland (down 6 points to -19) and in the Midlands (by 5 points to -10). In Wales sentiment is 2 points lower at -8.

Of the 5 measures comprising the headline measure:

- The financial situation of households over the past 12 months is 3 points lower at -1 compared to May, and 7 points down on June 2016
- The expected financial situation of households over the next 12 months is down 4 points on the month at zero and 8 points below a year ago (+8)
- The general economic situation measure over the past 12 months dropped 5 points to -25 compared to May; and is 12 points down on June 2016
- The general economic situation measure in the coming 12 months shed 2 points on the month at -23, and is down 9 points on 12 months ago (-14)
- The measure of consumer sentiment to making major purchases in the current economic situation slumped by 8 points on the month to +1, Also 8 points below June 2016

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 fell by 2 points on the month and on 12 months ago to -8

Peoples' perception of the saving climate is unchanged in June. 45% of adults regard it as a good time to save, down a little on 46% a year ago.

55% of households are currently saving, unchanged on the month and 5 points down on a year ago. In the next 12 months 56% of adults say they are likely to save, up 1 point on May, but down from 62% a year ago. Household's overall financial position (25) is unchanged in June, but down 4 points on a year ago. It is well above the long-term average (20).

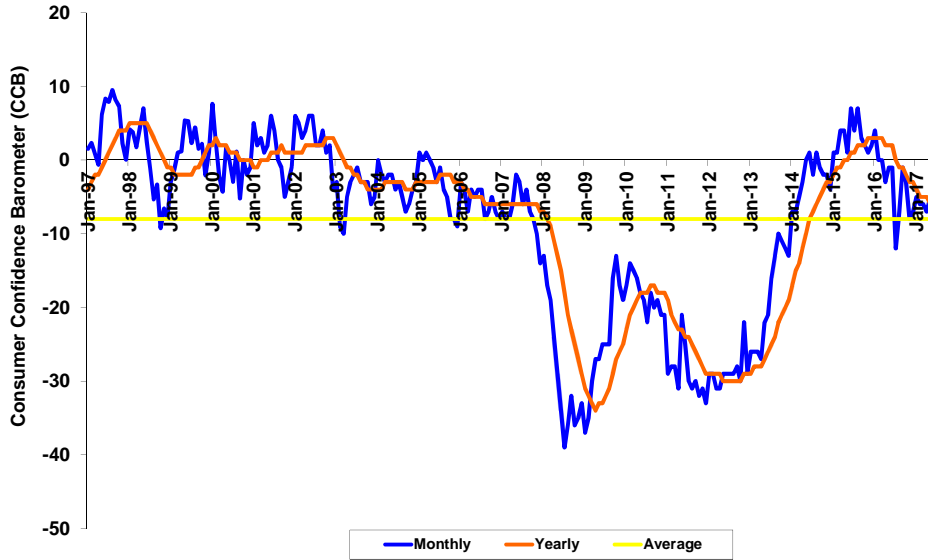
The jobs outlook is a little worse in June. The measure of unemployment expectations is at +20, 1 point worse on the month, 3 points better than 12 months ago (+23). A higher score represents rising unemployment expectations. A net balance of 27% of adults (25%, May) believes unemployment will rise in the next 12 months (31% June 2016). The measure of inflation expectations (89) is 1 point better in June, but 25 points worse than a year ago (64).

John Gilbert, Chief Executive of JGFR commented:

"The June general election result is not fully reflected in the June CCB, but the fall in sentiment shows the mood of the public has turned more pessimistic after several months of little change. With even greater political and economic uncertainty post-election as the Brexit discussions intensify, and as personal finances come under pressure from weak wage growth and rising prices, a downturn in consumer spending looks very likely, leading to lower GDP growth."

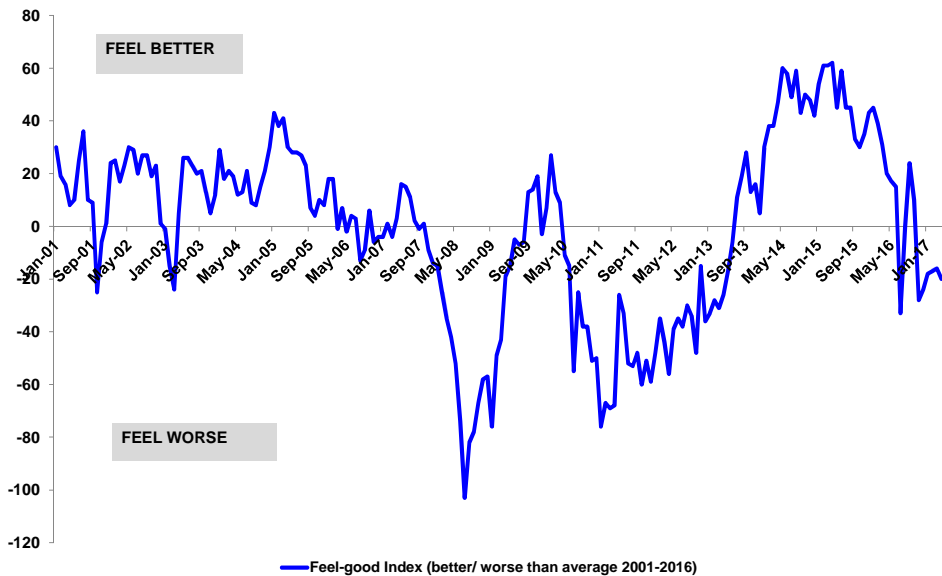
*The UK Consumer Confidence Survey was conducted by GfK NOP among a sample of 2,000 adults aged 16+, representative of the UK population, and carried out between 1-16 June 2017. The JGFR June 2017 UK Consumer Confidence Monitor will be published on Wednesday July 5th.

Chart 1: UK Consumer confidence January 1997 – June 2017



Source: GfK / European Commission / JGFR

Chart 2: JGFR Feel-Good Index* January 2001 – June 2017



*combined forward measures of inflation, unemployment, personal finances and general economic situation

Source: GfK / European Commission / JGFR

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