

## April 2020 Consumer Confidence Briefing

The monthly UK Consumer Confidence Barometer (CCB), undertaken by GfK on behalf of the European Commission\*, plummeted by 25 points to -34 in April following the Covid-19 lockdown

Confidence fell in all 6 UK regions. Confidence collapsed most in the North, down 29 points to -37. In the South confidence slumped by 27 points to -33 and in Wales confidence is 24 points lower at -39 on the month. Lowest fall is in Northern Ireland, down 13 points to -27 while in the Midlands (-33) and In Scotland (-34) sentiment is down by 20 and 21 points respectively.

Of the 5 sub-measures comprising the headline measure:

- The financial situation of households over the past 12 months is 6 points down at -4 on the month and 3 points lower than a year ago
- The expected financial situation of households over the next 12 months is 17 points down at -14 and 14 points below a year ago (0)
- The general economic situation measure over the past 12 months slumped by 21 points to -44 on the month and is 11 points lower than in April 2019 (-33)
- The general economic situation measure in the coming 12 months tumbled by 29 points compared to March to -56, down 22 points on April 2019 (-34)
- The measure of consumer sentiment to making major purchases in the current economic situation crashed by 50 points on the month to -52, down 51 points on April 2019 (-1)

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 slumped by 25 points to -34 (-11, April 2019). Overall spending confidence on major purchases of household goods declined 74 points on 12 months ago..

Saving confidence weakened on the month. In April 56% of consumers are likely to save in the next 12 months, down from 60% in March and 58% a year ago. Fewer people believe it to be a good time to save (46% v 50% March and a year ago). Compared to March (+33) saving confidence is 10 points lower (+23). Currently 54% of households are saving, down from 59% in March and 56% in April 2019. Households overall financial position (+24) is 3 points down on the month (+25, April 2019). It is above the long term average (+20).

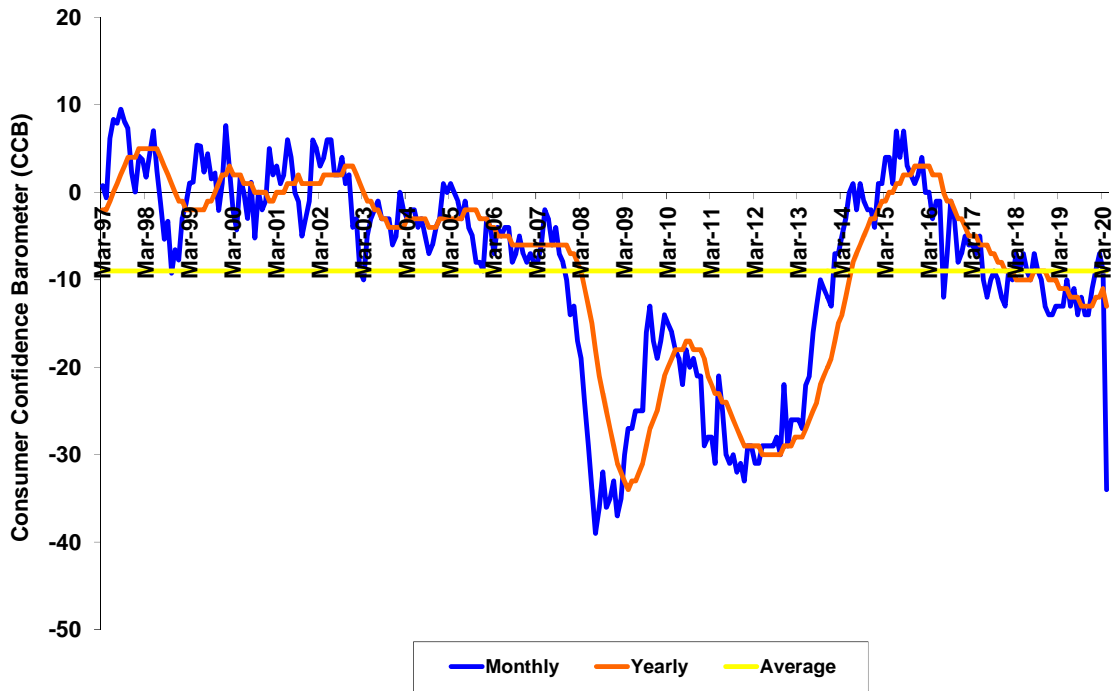
The jobs outlook darkened considerably following the lockdown announcement, despite various government schemes in support of businesses and jobs. The measure of unemployment expectations is 31 points worse at +50 on the month and down 26 points on a year ago (+24).. A higher score represents rising unemployment expectations. A net balance of 57% of adults (23%, March and 30% a year ago) believes unemployment will rise in the next 12 months. The measure of inflation expectations worsened in April by 6 points to +95, but is better than +98 a year ago.

In April both the JGFR Financial Wellbeing and JGFR Feel-Food Indices sank by 134 points and 83 points to -83 and -102 respectively, both at multi-year lows.

John Gilbert, Director, JGFR commented:

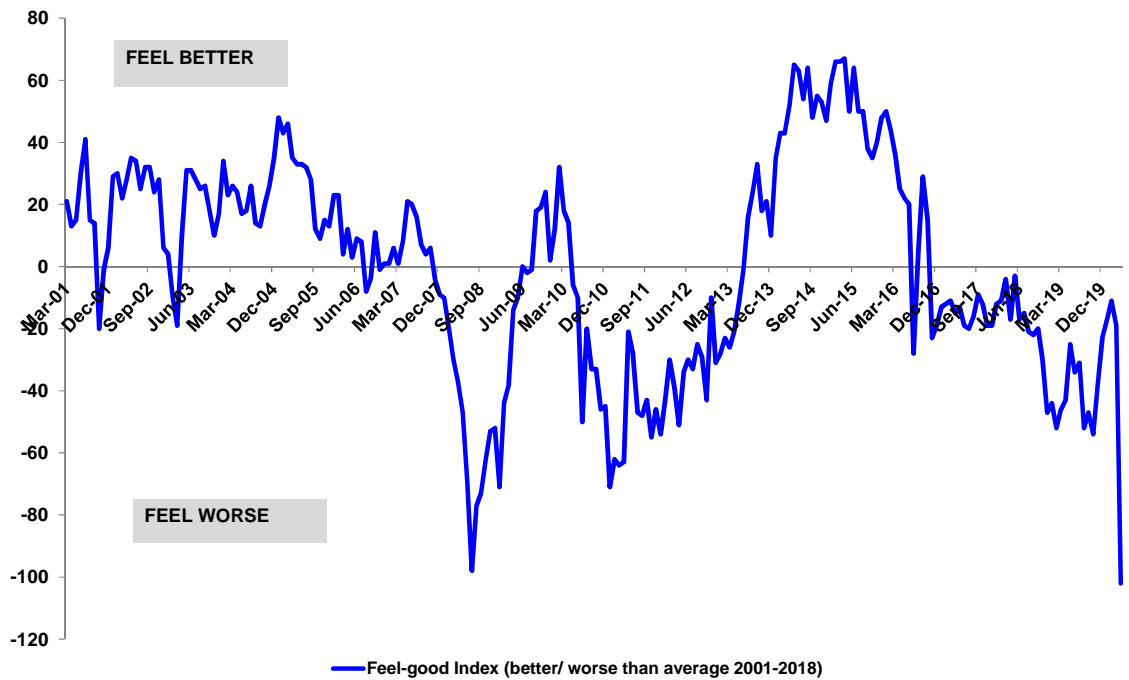
*"Health, wealth and wellbeing are keys to consumer confidence. While the March Budget anticipated a substantial fall in economic activity and a threat to livelihoods from Covid-19 the move to lockdown later in the month considerably raised the financial threat to businesses and consumers with millions of jobs and livelihoods at risk despite billions of pounds promised on income displacement schemes. With the government boxed in as a result of the success of lockdown resulting in increasing worries about a second coronavirus wave more lethal than the first, the outlook is for consumers to bunker down in a continued self-imposed lockdown. Confidence looks set to fall further in the coming months with more jobs at risk as economic activity is much reduced"*

**Chart 1: UK Consumer confidence January 1997 – April 2020**



Source: GfK / European Commission / JGFR

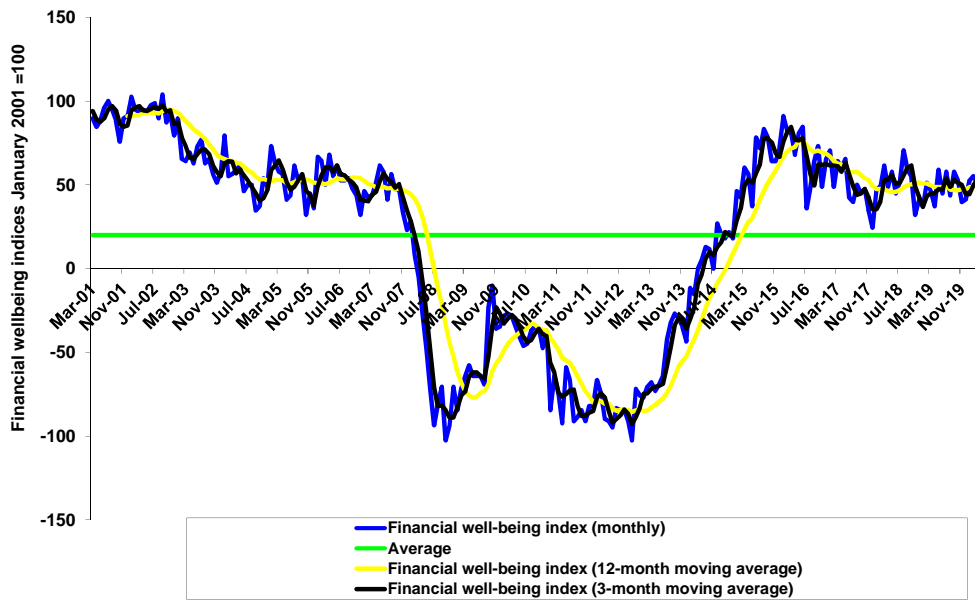
**Chart 2: JGFR Feel-Good Index\* January 2001- April 2020**



\*combined mean forward measures of unemployment, cost of living, economic situation and household finances in the next 12 months

Source: GfK / European Commission / JGFR

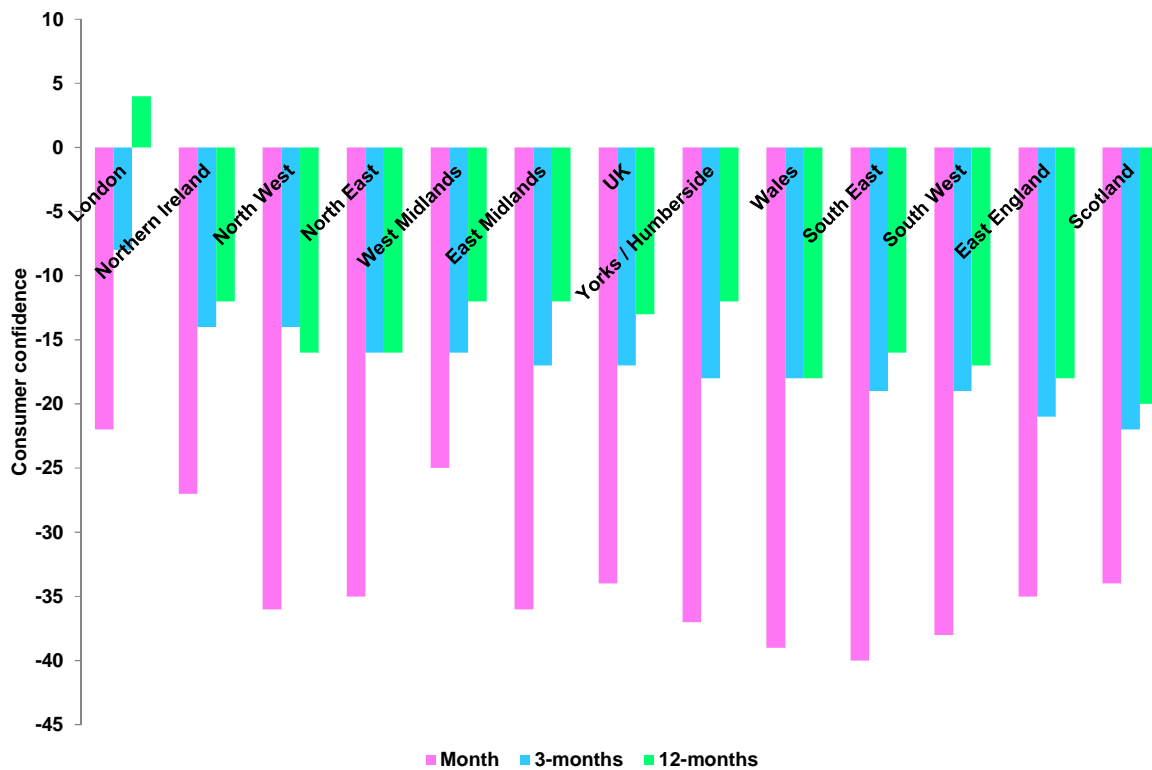
**Chart 3: JGFR Financial Well-being Index 2001-20**



\*The Financial Wellbeing Index is a composite measure covering net savings households, the combined current/future financial position of households and spending confidence on major household items. It is a proxy measure for living standards

Source: GfK / European Commission / JGFR

**Chart 4: Regional confidence 1, 3 and 12 months April 2020\***



\*regional rankings based on 3-month moving average (London -8)

Source: GfK / European Commission / JGFR



\*The UK Consumer Confidence Survey was conducted by GfK NOP for The European Commission among a sample of 2,000 adults aged 16+, representative of the UK population, and carried out between 1-14th April 2020. Following Brexit on January 31 2020 The European Commission will continue to collect UK data until the end of the transition period. It has already undertaken a detailed restatement of business and consumer surveys with the new methodology presented in the February datasets.

The JGFR April *UK Consumer Confidence Monitor* will be published on Friday May 1st

### **Notes and Enquiries:**

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A more detailed view of the current mood of consumers can be found in the monthly UK Consumer Confidence Monitor that analyses:

- Trends in consumer confidence
- Consumer confidence across income bands
- Gender inequality in confidence
- Confidence across the generations
- Regional confidence
- Changing shifts in main consumer confidence components
- Financial Wellbeing
- Spending confidence
- Saving confidence
- Household finances
- The cost of living
- Unemployment
- The Feel-Good factor

JGFR has been monitoring the mood of consumers in detail since the 1990s. We have extensive trend data on the consumer that also covers financial activity and Brexit