

July 2020 Consumer Confidence Briefing

The monthly UK Consumer Confidence Barometer (CCB), undertaken by GfK on behalf of the European Commission*, gained 3 points to -27 in June.

Confidence is up in 5 of the 6 UK regions. Only in Northern Ireland is confidence lower in July, falling 13 points to -26. Biggest gain is in Wales, up 9 points to -26. In the Midlands sentiment is 6 points higher at -29 and in the North, up 5 points to -25. In Scotland confidence is 3 points up at -31 and in the South 2 points higher at -25.

Of the 5 sub-measures comprising the headline measure:

- The financial situation of households over the past 12 months improved in July, gaining 5 points on the month to -4 but is 5 points lower than a year ago (+1)
- The expected financial situation of households over the next 12 months is 4 points higher at zero, but 7 points below a year ago (+7)
- The general economic situation measure over the past 12 months dropped a further 2 points to -61 on the month and is 29 points lower than in July 2019 (-32)
- The general economic situation measure in the coming 12 months improved by 7 points to -41 compared to June but is, down 9 points on July 2019 (-32)
- The measure of consumer sentiment to making major purchases in the current economic climate climbed by 6 points on the month to -26, but is down 30 points on July 2019 (+4)

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 3 points up at -25 on the month (-10, July 2019). Overall spending confidence on major purchases of household goods declined 45 points on 12 months ago (48 points, June).

Saving confidence improved on the month. In July 62% of consumers are likely to save in the next 12 months, up from 61% in June and 60% 12 months ago. Slightly more people believe it to be a good time to save (55% v 53% June but down on 58% a year ago). Compared to June (+41) saving confidence is 8 points higher (+49). Currently 60% of households are saving, 3 points better than in June and 4 points higher than in July 2019. Households overall financial position (+30) is 3 points up on the month and 4 points up on 12 months ago and well above the long term average (+20).

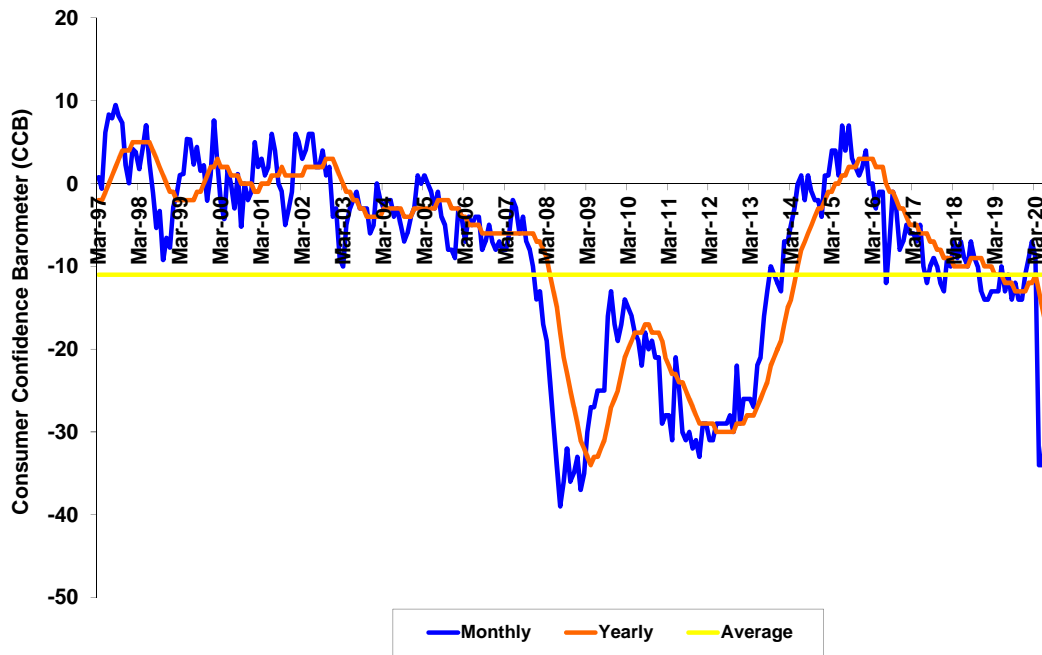
The jobs outlook is very depressed, The measure of unemployment expectations is 1 point worse at +56 on the month and down 31 points on a year ago (+25). A higher score represents rising unemployment expectations. A net balance of 62% of adults (63%, June and 32% a year ago) believes unemployment will rise in the next 12 months. The measure of inflation expectations improved by 2 points to +90, 4 points better than a year ago (+94) and 18 points worse than the long term average (+72)

In July both the JGFR Financial Wellbeing and JGFR Feel-Food Indices improved for the third successive month with the gradual relaxation of lockdown measures. The former is up 27 points to -9 (-+58, July 2019) and the latter gained 12 points to -73 (-30, July 2019).

John Gilbert, Director, JGFR commented:

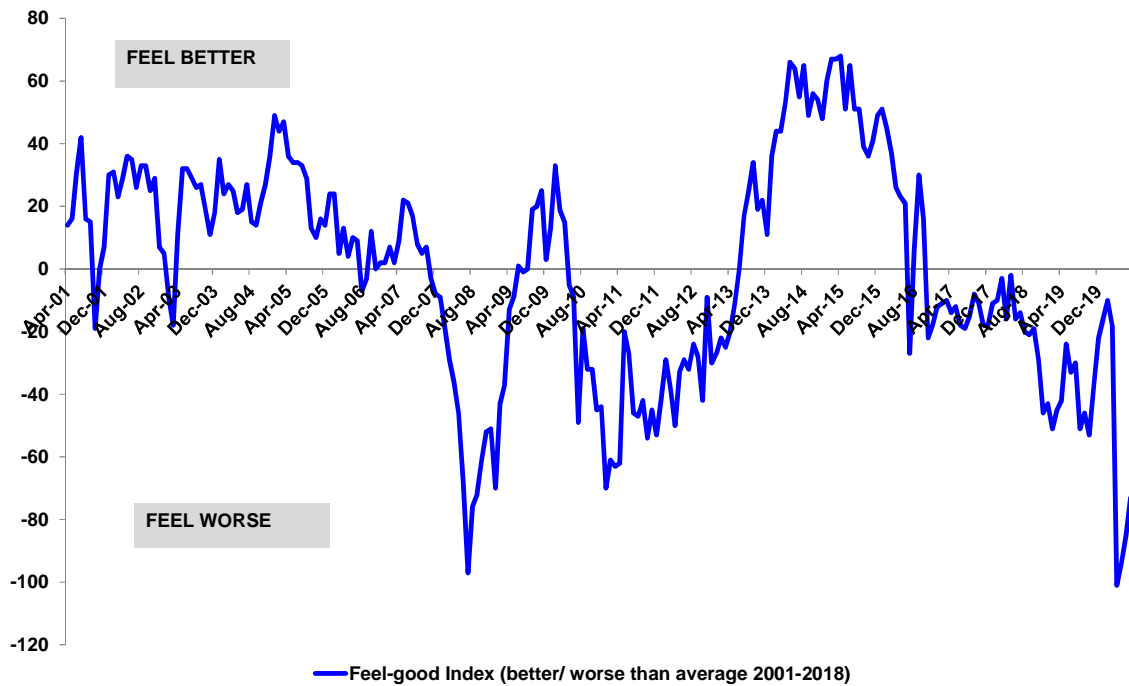
“As expected July’s CCB reflects the further relaxation of lockdown measures with confidence, financial wellbeing and feel-good all improving. Most notable is the strength of household finances with savings a priority to help to cushion the tough times ahead as job losses mount up ”

Chart 1: UK Consumer confidence January 1997 – July 2020



Source: GfK / European Commission / JGFR

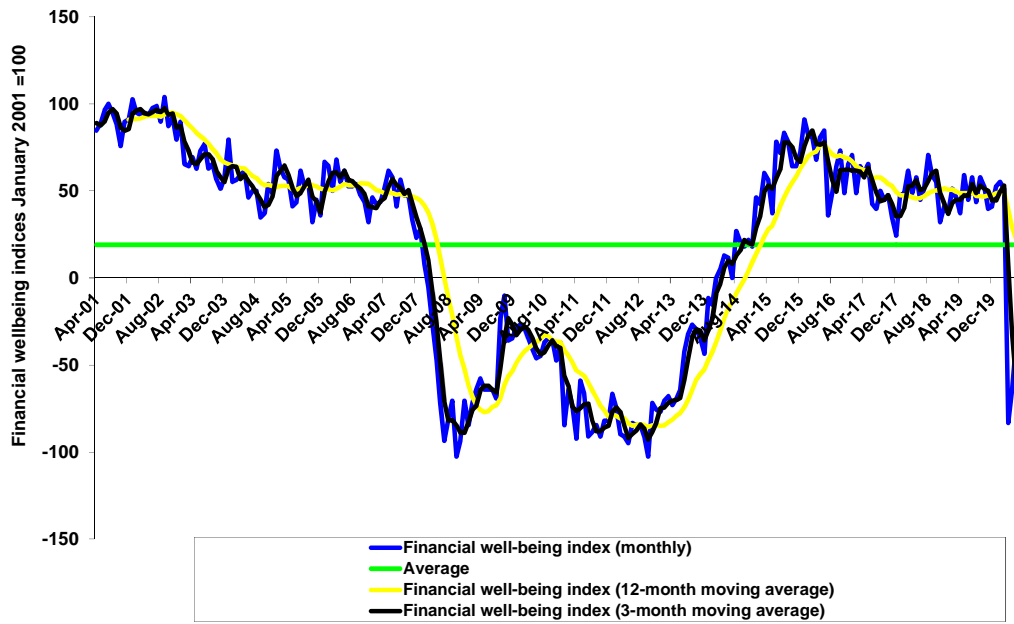
Chart 2: JGFR Feel-Good Index* January 2001- July 2020



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

Source: GfK / European Commission / JGFR

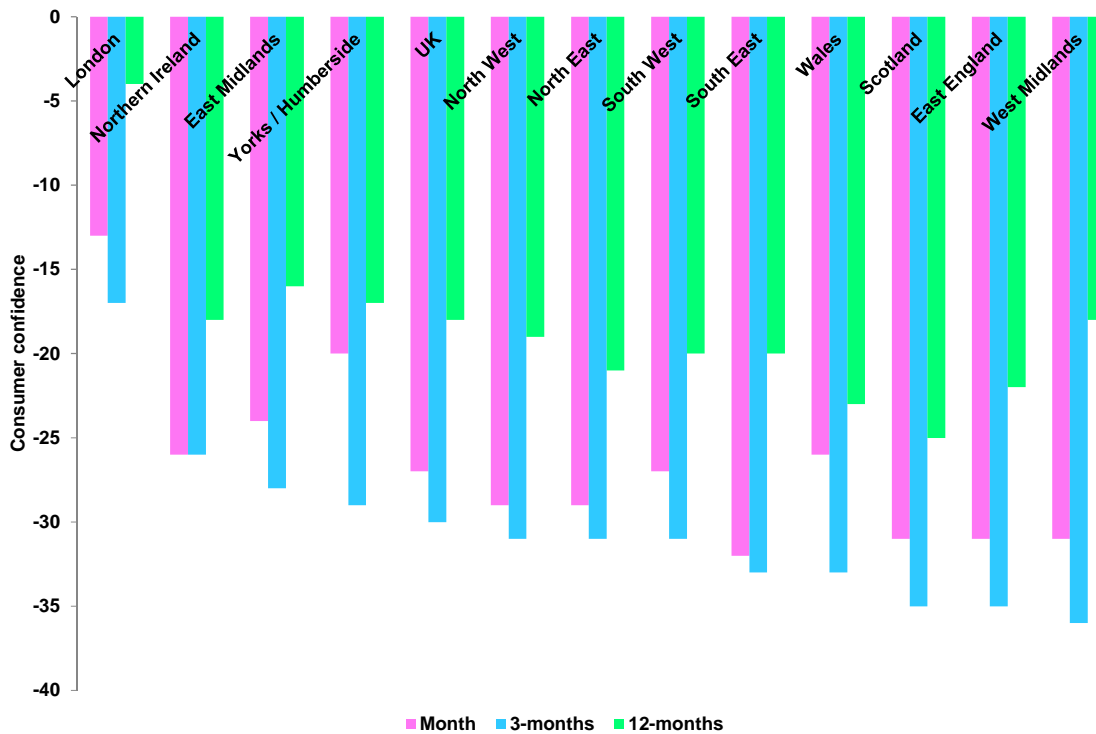
Chart 3: JGFR Financial Well-being Index 2001-20



*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 July 2020*



*regional rankings based on 3-month moving average (London -19)

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 1-16th July 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 June *UK Consumer Confidence Monitor* will be published on Friday 31 July

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