Consumer Confidence Barometer (July 2010)

Contributed by GfK NOP
Monday, 16 August 2010
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Consumer confidence drops again

The GfK NOP Consumer Confidence Index dropped by three points this month to -22.

This is the fifth month in a row that we have seen the overall confidence level drop.
July saw decreases for confidence in their personal financial situation over the next 12 months, confidence in the â€œgeneral economyâ€• over the last 12 months and confidence in the â€œgeneral economyâ€• in the next 12 months.

Confidence in their personal financial situation over the last 12 months stayed the same this month.
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The â€˜major purchase Indexâ€™ increased by eight points this month, and is now -16.

Nick Moon, MD of GfK NOP Social Research, comments:
â€œGiven that consumer confidence measures are normally good predictors of what the economy itself will do a few months later, the continuing slide in the Index makes a double dip recession look more of a possibility as each month goes by. Itâ€™s possible that respondents are already factoring into their view of the economy over the next 12 months the likely recessionary impact of the governmentâ€™s announcement about the level of spending cuts it wishes to make, but if they are not then the prognosis is even more gloomy.â€•

"The one part of the Index to buck the trend was whether now is a good time for major purchases, which rose by 8 points this month.Â This might be people thinking they should buy now before VAT goes up, or might reflect a view that the poor economic conditions mean there are bargains to be had. It should also be noted that this item was the equal biggest faller on last monthâ€™s index, so this may be in part a correction."

UK Consumer Confidence Measures â€“ July 2010
The overall index score this month dropped by three points to -22, three points higher than this time last year. Three of the five measures this month decreased, with one measure staying at the same level as June and one measure increasing.Â The annual moving average stays the same this month at -18.

Measure

Personal Financial Situation
The index measuring changes in personal finances during the last year has stayed the same this month at -14; this is five points higher than this time last year.

The forecast for personal finances over the next year decreased by four points to -6, this is six points lower than July â€˜09.

General Economic Situation
The measure for the general economic situation of the country during the last twelve months has dropped by two points to â€“48; twenty four points higher than this time last year.

An expectation for the general economic situation over the next twelve months has decreased by thirteen points to -25, seventeen points lower than July â€˜09.

Climate for Major Purchases
The major purchases measure has increased by eight points this month to -16; nine points higher than this time last year.

Savings Index
The â€˜now is a good time to saveâ€™ Index, has increased two points to -2, which is ten points higher than July â€˜09.

About the survey
The UK Consumer Confidence Survey from GfK NOP was conducted amongst a sample of 2000 individuals aged 16+ on behalf of the European Commission.

Quotas are imposed on age, sex, region and social class to ensure the final sample is representative of the UK

population.
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Interviewing was carried out during 2nd â€“ 11th July 2010.
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The figures contained within the Consumer Confidence Barometer have an estimated margin of error of +/-2%

Results for the Consumer Confidence Barometer are available on the last working day of each month at 00.01am the next release is Tuesday 31st August 2010.
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Any published material requires a reference to both GfK NOP and the European Commission e.g. â€˜Research carried out by GfK NOP on behalf of the European Commissionâ€™.

This study has been running since 1974. Back data is available from 1996. Â
Want to know even more? ~ Annual subscriptions are also available for Â£1,775 plus VAT.

The table below provides an overview of the questions asked to obtain the individual index measures:Â Â

Personal financial Situation
(Q1/Q2) This index is based on the following questions to consumers: How has the

financial situation of your household changed over the last 12 months?â€™

Q2 â€˜How do you expect the financial position of your household to change over the next 12 months?â€™
(a lot better â€“Â a little better â€“ stay(ed) the same â€“a little worse - a lot worse)Â Â Â

General Economic Situation
(Q3/Q4) This index is based on the following questions to consumers: â€˜How do you think the general economic situation in this country has changed over the last 12 months?â€™

â€˜How do you expect the general economic situation in this country to develop over the next 12 months?â€™
(a lot better â€“Â a little better â€“ stay(ed) the same â€“ a little worse - a lot worse)Â Â

Climate for major purchases
(Q8)Â Â Â This index is based on the following question to consumers: â€˜In view of the general economic situation, do you think now is the right time for people to make major purchases such as furniture or electrical goods?
(right time â€“ neither right nor wrong time â€“ wrong time)Â Â Â Â Â Â
Savings

Index
(Q10)
This Savings index is based on the following question to consumers: â€˜In view of the general economic situation do you think now is?â€•

(a very good time to save â€“ a fairly good time to save â€“ not a good time to save â€“ a very bad time to save)
(Commented on but not included in the Index score)Â Â Â Â

About GfK NOP
For more information please visitÂ http://www.gfknop.com/

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