

Press release

Embargoed until 00:01AM Thursday 31st October 2019

UK Consumer Confidence decreases two points to -14 for October 2019

31st October 2019

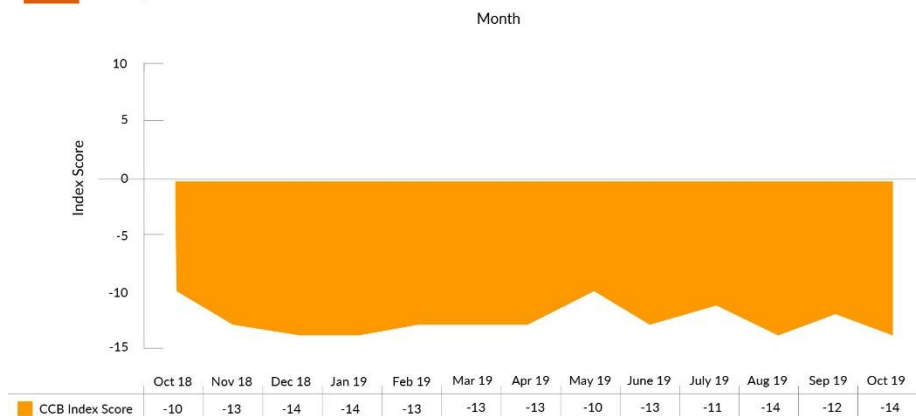
Stuart Ridsdale
 T + 44 7790 951229
 stuart@greenfields
 communications.com

Does reduced confidence in personal finances for the year ahead pose a risk to the wider economy?

GfK’s long-running Consumer Confidence Index decreased two points to -14 in October. All five measures decreased this month.



Index Score October 2018 - October 2019



Source: GfK Consumer Confidence Barometer on behalf of the European Commission (October 2019)

Joe Staton, Client Strategy Director at GfK, says: “In the face of continued Brexit uncertainty, the Overall Index Score fell to -14 this month. Importantly, the ongoing machinations in Westminster appear to be impacting how we view our personal financial situation for the coming year with a notable fall of -3 in this measure in October. Is this an early sign of long-running weak economic confidence spreading to the way we view money matters? This deterioration in sentiment regarding our personal financial affairs is worrying as strong consumer spending has been the main driver of economic growth since the Referendum in 2016 against a backdrop of low inflation, low interest rates, low wage growth and high employment. Does reduced confidence in personal finances for the year ahead pose a risk to the wider economy? Nobody wants to see consumer spending reduce and let’s hope it doesn’t happen. But Brexit’s continuing uncertainty and the spectre of a general election is not helpful. People can only feel confident if they believe the external environment is stable, yet consumers are witnessing too many Brexit shifts and surprises, too many Brexit timelines and counter proposals to justify any longer-term confidence. The big black Brexit cloud is refusing to shift.”

GfK UK Limited
 25 Canada Square
 Canary Wharf
 London E14 5LQ

T +44 20 7890 9000
 F +44 20 7890 9001
www.gfk.com

Place of registration:
 England and Wales

Company number:
 2512551

Registered office:
 GfK UK Limited
 25 Canada Square
 Canary Wharf
 London E14 5LQ

UK Consumer Confidence Measures – October 2019

The Overall Index Score in October 2019 is -14. All five measures decreased in October.

Measure	↑↔↓	Oct 2019	Sept 2019	Aug 2019	Oct 2018
Overall Index Score	↓2	-14	-12	-14	-10
Personal Financial Situation over last 12 months	↓1	1	2	-1	1
Personal Financial Situation over next 12 months	↓3	1	4	2	4
General Economic Situation over last 12 months	↓1	-33	-32	-34	-28
General Economic Situation over next 12 months	↓2	-37	-35	-38	-28
Major Purchase Index	↓2	1	3	1	4
Savings Index <small>(commented on but not used in Overall Index Score)</small>	↓2	21	23	21	12

Personal Financial Situation

The index measuring changes in personal finances during the last 12 months has decreased by one point this month to +1; this is the same as October 2018.

The forecast for personal finances over the next 12 months decreased by three points to +1 this month; this is three points lower than October 2018.

General Economic Situation

The measure for the general economic situation of the country during the last 12 months has decreased one point this month to -33; this is five points lower than in October 2018.

Expectations for the general economic situation over the next 12 months have decreased two points to -37; this is nine points lower than October 2018.

Major Purchase Index

The major purchase index decreased two points in October to +1; this is three points lower than in October 2018.

Savings Index

The savings index has decreased two points in October to +21; this is nine points higher than at this time last year.

- ENDS -

EDITOR'S NOTE: Please source all information to GfK.

For further details or to arrange an interview, please contact Stuart Ridsdale at Greenfields Communications E: stuart@greenfieldscommunications.com
Tel: 07790 951229 OR
Lucy Green E: lucy@greenfieldscommunications.com Tel: 07817 698366

About the survey

- The UK Consumer Confidence Barometer is conducted by GfK on behalf of the EU, with similar surveys being conducted in each European country. In producing its own reports on the whole of Europe, the EU applies a seasonal adjustment to the data, to smooth out any changes that are functions, at least in part, of the time of year.
- Historically, the UK data **have not** been seasonally adjusted in this way, and to maintain comparability, GfK continues **not** to apply this adjustment. This can lead to situations where the EU figures show different movements in a particular month from those produced by GfK. Individual months may be affected, but the long-term trend is not.
- The UK Consumer Confidence Survey from GfK was conducted among a sample of 2,001 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.
- Interviewing was carried out during 1st – 14th October 2019.
- The figures contained within the Consumer Confidence Barometer have an estimated margin of error of +/-2%.
- The Overall Index Score is calculated using underlying data that runs to two decimal points.
- Results for the Consumer Confidence Barometer are normally available on the last working day of each month at 00.01am (unless the final working day of a month is a Monday, in which case the results are published on the Friday preceding the final working day). The release date for November is Friday 29th November 2019.
- **Any published material requires a reference to both GfK and the European Commission e.g. 'Research carried out by GfK on behalf of the European Commission'.**
- This study has been running since 1974. Back data is available from 2006.
- The table below provides an overview of the questions asked to obtain the individual index measures:

Personal Financial Situation (Q1/Q2)	<p>This index is based on the following questions to consumers: 'How has the financial situation of your household changed over the last 12 months?'</p> <p>'How do you expect the financial position of your household to change over the next 12 months?' (a lot better – a little better – stay(ed) the same – a little worse – a lot worse)</p>
General Economic Situation (Q3/Q4)	<p>This index is based on the following questions to consumers: 'How do you think the general economic situation in this country has changed over the last 12 months?'</p> <p>'How do you expect the general economic situation in this country to develop over the next 12 months?'</p> <p>(a lot better – a little better – stay(ed) the same – a little worse - a lot worse)</p>
Major Purchase Index (Q8)	<p>This index is based on the following question to consumers: '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?'</p> <p>(right time – neither right nor wrong time – wrong time)</p>
Savings Index (Q10)	<p>This index is based on the following question to consumers: 'In view of the general economic situation do you think now is?' (a very good time to save – a fairly good time to save – not a good time to save – a very bad time to save)</p> <p>(Commented on but not included in the Index Score)</p>

About GfK

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Ben Murphy
25 Canada Square
Canary Wharf, London E14 5LQ
ben.murphy@gfk.com