

CONSUMER CONFIDENCE SURVEY

Consumer Confidence Survey (CCS) is a stratified random telephone survey of more than 1600 households across Pakistan. The survey is being conducted by Institute of Business Administration (IBA), Karcachi and State Bank of Pakistan (SBP) since January 2012 after every two months. This report summarizes results from 1806 household surveys, out of which 565 were from the households surveyed in Mar 2012, while the rest were from a new set of households. In line with the previous surveys, this exercise was conducted during evening hours of 1st-10th Sep, 2012.

Summary

The main results are summarized below:

- a) Consumer Confidence Index (CCI) dropped to 102.82 from 111.02 (July 2012).
- b) People expect economic conditions to deteriorate in the coming six months.
- c) Inflation is expected to rise over next six months.
- d) The number of respondents expecting increase in interest rate has decreased compared to the previous survey (July 2012).

The results from the quantitative part of the survey suggest that households do not foresee a change in the rate of inflation i.e. at the aggregate level expectations appear almost constant in all waves of survey.

September 2012 survey shows an increase in the number of people expecting higher prices over next six months, at the same time the percentage of respondents expecting lower prices in general has declined significantly compared to July 2012.

Similarly, more people are expecting higher prices for sub-groups of commodities compared to July 2012 (see Table 2).

The share of respondents expecting higher interest rates has decreased compared to the previous survey. There is further increase in the number of people sceptical about current times for the purchase of house.

Compared to last survey, more people have become critical of economic policy of the government. This dissatisfaction prevails among people of all income groups. However, the higher income group seems more dissatisfied.

When comparing with the previous survey, a general increase is witnessed in percentage of respondents expecting higher unemployment, however this increase becomes more significant in case of higher income group.

More people from lower and middle income groups consider current times not-good for purchase of durable goods, while negative sentiments among higher income group remain almost at same level as it was in the last survey.

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Table 1: Consumer indices (Januaru 2012=100)

	Sep 2012	July 2012	May 2012
Consumer confidence index	102.82	111.02	102.91
Current economic conditions index	107.15	112.36	107.37
Expected economic index	99.03	109.85	99.03

Table 2: Inflation Expectations by Groups

rise over next six months in price of*:	Sep 2012	July 2012	May 2012
All items of daily-use ^a	58.83%	52.19%	57.82%
Food items ^b	57.44%	52.57%	58.26%
Energy items ^c	59.65%	48.69%	61.11%
Non-food non-energy items ^d	53.02%	46.74%	54.71%

Notes:

* We report the percentage of people expecting an increase in prices. This percentage is collated from respondents choosing from 'increase,' 'no change' and 'decrease' in reply to the following specific questions:

^a: How do you expect that prices in general will develop over the next 6 months from now?

^b: How would you expect prices of food items will change over the next six months?

^c: How would you expect prices of Energy group i.e. electricity, gas, oil, etc. will change over the next six months?

^d: How would you expect prices of Items of daily use other than food items & Energy group will change over the next six months?

Table 3: Other Highlights

Percentage of households	September 2012		July 2012		May 2012	
	Positive	Negative	Positive	Negative	Positive	Negative
Unemployment	1.76%	53.06%	3.82%	50.94%	2.84%	53.21%
Interest rate	3.88%	24.27%	3.47%	27.71%	2.34%	24.42%
Income a year later	18.24%	14.74%	17.89%	15.35%	16.98%	17.40%
Next six months for buying durable items	3.72%	46.12%	5.54%	40.79%	4.43%	42.69%
Next six months for buying a car	4.09%	46.37%	7.14%	39.14%	5.61%	40.96%
Current times for buying a house	8.32%	52.86%	10.59%	46.31%	12.55%	41.96%
Better financial conditions in next six	8.25%	34.18%	10.27%	29.97%	8.84%	32.39%

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i About the report

This report on consumer perceptions covers three broad themes: (i) overall consumer confidence indices; (ii) inflationary expectations and; (iii) other key highlights about households' perception of important indicators.

a) The consumer confidence (CC) index is a blend of current households' perceptions relative to six months in the past and in the future. The perceptions are about personal financial conditions, the overall economy, unemployment and consumption of durable goods. The CC index is further assessed by splitting it into two distinct parts: current and future perceptions, which then form indices of their own. The former is known as current economic conditions (CEC) index and the later as expected economic conditions (EEC) index.

b) Inflationary expectations are based on the results of quantitative and qualitative queries regarding the perception of respondents about the price changes of different groups of commodities. The quantitative assessment is based on households' expected value for a basket of commodities (which is currently worth Rs100) six-months down the road.

c) Other key highlights are derived from a cross-sectional analysis of participants' responses to queries that were included in the consumer confidence survey, but are not a part of the consumer confidence index or included in the calculations of inflationary expectations.

Rotating Panel:

From July 2012 a rotating panel equivalent to 33 % of the overall sample size has been introduced, in which the surveys are conducted from the households surveyed six months earlier, while the remaining 67 % are fresh. The stratification scheme of the survey is implemented in rotating panel too.

i Calculation and Definitions of indices:

To compute the indices relative share of persons giving very negative, negative, positive, very positive is calculated, the values for negative and positive multiplied with 0.5 and then combining negative with very negative and positive with very positive share we arrive at difference between total positive and total negative share. By adding 1 to these differences we get index for each question, and simple sum of questions' indices (as by definition of each index) divided by the base value (Jan 2012) gives us overall index.

Definitions:

Consumer Confidence Index: This index is calculated from following questions;

- A1. We are interested in how people are getting along financially these days. How do you assess present financial position of your family compared to the last six months?
- A2. Now looking ahead- how do you expect your financial position to change over the next six months from now?
- A3. Now turning to general economic conditions in the country as a whole- How do you assess present general economic condition of the country compared to the past six months?
- A4. And how do you expect general economic conditions in the country to develop over the next six months from now?
- A14. In your opinion, compared to the last 6 months how do you see the current time for buying durable goods such as furniture, refrigerator, television etc.?
- A19. How about people getting out of work during the coming 6 months—what do you think unemployment over the next six months from now?

While Current Economic Conditions Index is calculated from A2, A4, and A19, the rest three comprise Expected Economic Conditions Index.