

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), Karachi and State Bank of Pakistan (SBP) since January 2012 after every two months. This report summarizes results from 1862 household surveys, out of which 585 were from the households surveyed in July 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-6th Jan 2013.¹

I. Overview

1. The following 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.
 - d) Face to face part of the survey has been started, and its base period results have been compiled, its results will start appearing in from next report.
2. The main results are summarized below:
 - a) Consumer Confidence Index (CCI) receded marginally to 115.97 from 116.64 (Nov 2012).
 - b) People expect economic conditions to improve a little in the coming six months, when compared to previous survey.
 - c) Inflation is expected to pick up over the next six months.
 - d) There is very small increase in the percentage of respondents expecting lower interest rates over the coming six months compared to previous survey (Nov 2012).

II. Consumer indicesⁱⁱ

1. The Consumer Confidence Index:

The index shows a nominal loss of 0.61 points when compared to last survey (see Table 1).

2. Current Economic Conditions Index:¹

The index shows a cut of 1.81 points, from its previous value (Nov 2012). This loss in positive perception of consumer regarding current economic conditions slashed down the overall confidence.

3. Expected Economic Conditions Index:²

There has been almost no change in future six month outlook of the households over previous survey (Nov 2012). The index shows a slight gain of 0.31 points.

Table 1: Consumer indices

Change (May-Jan) in:	Jan 2013	Nov 2012	Sep 2012
Consumer confidence index	115.97	116.64	102.82
Current economic conditions index	119.60	121.42	107.15
Expected economic conditions index	112.79	112.49	99.03

¹ This index focuses on household's current perception relative to six months ago of their personal income, general economic environment and their desire for investing on a durable commodity.

² The index concentrates on future expectations (for six months down the road) of personal finances, the overall economic scenario and unemployment.

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III. Inflation Expectations

In comparison to our previous survey (Nov 2012), this survey shows net increase in percentage of respondents expecting higher prices during next six months, compared to previous survey.

The commodity group inflation expectations show that although people expect prices of all groups to increase, but they expect prices of energy items to increase the most followed by food group and then NFNE items (see Table 2).

Table 2: Inflation expectations

Percentage of households expecting a rise over next six months in prices of:	Jan 2013	Nov 2012	Sep 2012
All items of daily-use	54.71	50.33	58.83%
Food items	52.88	49.26	57.44%
Energy items	54.66	47.65	59.65%
Non-food non-energy items	50.47	45.97	53.02%

IV. Other highlights

The share of respondents expecting higher interest rates has increased compared to the previous survey. Similarly, more people consider current time not good for purchase/construction of a new house.

Compared to last survey, there is a fall in the percentage of people dis-satisfied with current economic policies.

Table 3: General Expectations

Percentage of households	Jan 2013		Nov 2012		Sep 2012	
	Positive	Negative	Positive	Negative	Positive	Negative
Government policies	3.73	59.17	3.71	61.05	3.51	63.71
Unemployment	3.92	48.70	4.06	45.26	1.76	53.06
Interest rate	4.66	26.43	4.31	23.44	3.88	24.27
Income a year later	18.23	11.02	18.25	10.63	18.24	14.74
Next six months for buying durable items	4.10	40.10	4.42	41.19	3.72	46.12
Next six months for buying a car	6.03	39.30	4.80	41.05	4.09	46.37
Current times for buying a house	8.28	48.13	9.64	48.40	8.32	52.86
Better financial conditions in next six months	11.44	28.28	9.41	29.09	8.25	34.18

This dissatisfaction prevails among people of all income groups. However, the higher income group seems more dissatisfied with current economic policies.

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 have increased more compared to last survey.

ⁱ 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.

ⁱⁱ 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;

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- 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.