

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 with the frequency of every two months. This report summarizes results of 1822 surveyed households. Out of these households 578 were previously interviewed in September 2012, while the remaining are fresh. As per design, this exercise was conducted during evening hours of 1st-7th March 2013.ⁱ

Summary

The main results of current wave are summarized below:

- a) The Consumer Confidence Index (CCI) ⁱⁱ increased to 121.11 from 115.97 in Jan 2013, representing an improvement in overall perceptions about the economy (see **Table 1**).
- b) More households, compared to the previous survey, expect their economic conditions to improve over the next six months.
- c) Inflation is expected to ease over the next six months.
- d) Households expect almost no change in interest rates in the coming six months.

Households expect decline in the rate of inflation during the next six months (see **Table 2**).

- a) There has been no change in the percentage of respondents who expect the interest rate to increase or decrease, as compared to the previous survey (see **Table 3**). There is also a considerable decline in the number of people who do not consider the present a suitable time for buying a house.
- b) There is a general increase in the percentage of respondents expecting lower unemployment when compared with the previous survey; however, this expectation is more prevalent in the higher income group.
- c) Respondents considered current times as favourable for the purchase of durable goods. This perception is significant in higher income groups.

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I. Tables

Table 1: Consumer indices

	March 2013	Jan 2013	Nov 2012
Consumer confidence index	121.11	115.97	116.64
Current economic conditions index	124.96	119.60	121.42
Expected economic conditions index	117.75	112.79	112.49

Table 2: Inflation Expectations by Group

Percentage of households expecting a rise over next six months in prices of*:	March 2013	Jan 2013	Nov 2012
All items of daily-use ^a	49.52	54.71	50.33
Food items ^b	51.56	52.88	49.26
Energy items ^c	51.79	54.66	47.65
Non-food non-energy items ^d	48.80	50.47	45.97

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	March 2013		Jan 2013		Nov 2012	
	Positive	Negative	Positive	Negative	Positive	Negative
Unemployment	4.80	43.97	3.92	48.70	4.06	45.26
Interest rate	3.87	26.08	4.66	26.43	4.31	23.44
Income a year later	19.87	12.53	18.23	11.02	18.25	10.63
Next six months for buying durable items	5.05	37.89	4.10	40.10	4.42	41.19
Next six months for buying a car	5.73	37.76	6.03	39.30	4.80	41.05
Current times for buying a house	7.80	43.75	8.28	48.13	9.64	48.40
Better financial conditions in next six months	11.69	27.07	11.44	28.28	9.41	29.09

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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.

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.