

CONSUMER CONFIDENCE SURVEY

Consumer Confidence Survey (CCS) is a stratified random telephone survey of households across Pakistan. Launched in January 2012 and having a two-monthly frequency, the survey is conducted by the Institute of Business Administration (IBA), Karachi and the State Bank of Pakistan (SBP). This report summarizes the results of 1834 surveyed households. Of these, 585 households were interviewed back in January 2013 while the remaining are fresh interviewees. This exercise was conducted during the evening hours of 1st-8th July 2013.

I. Overview

The main results of current wave are summarized below:

- a) Compared with pre-election improvement of 9.7 points (see Table 1), the Consumer Confidence Index (CCI)ⁱⁱ marginally declined to 128.04 from 130.82 in July 2013;
- b) CCI is made up of expected economic conditions (EEC) index, i.e. households' expectations of economic conditions in the next six months, and current economic conditions (CEC) index capturing households' current economic conditions relative to last six months. The former declined significantly from 138.28 to 126.02 while the latter showed an increase from 122.26 to 130.36;
- c) Relative to the last survey, inflationary pressures are expected to be higher during the next six months.

In contrast with pre-election results, households foresee an increase in the rate of inflation over the next six months (see **Table 2**).

Compared with the last survey, there has been an increase in negative sentiments with regards to purchasing durable goods, such as a car or motor cycle, over the next six months. However, respondents felt positive about the current times for purchasing a house. This improved sentiment is shared widely by lower- and higher- and less so by middle- income groups.

The share of respondents expecting higher interest rates has increased. There has been a visible increase in the percentage of respondents expecting higher unemployment and this view is shared across all income groups.

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II. Tables

Table 1: Consumer indices

Change (May-Jan) in:	July 2013	May 2013	March 2013
Consumer confidence index	128.04	130.82	121.11
Current economic conditions index	130.36	122.26	124.96
Expected economic conditions index	126.02	138.28	117.75

Table 2: Inflation Expectations by Group

Percentage of households expecting a rise over next six months in prices of*:	July 2013	May 2013	March 2013
All items of daily-use ^a	49.09	41.07	49.52
Food items ^b	51.55	40.01	51.56
Energy items ^c	51.36	40.98	51.79
Non-food non-energy items ^d	48.77	39.06	48.80

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	July 2013		May 2013		March 2013	
	Positive	Negative	Positive	Negative	Positive	Negative
Unemployment	6.96	37.99	7.65	32.39	4.80	43.97
Interest rate	4.53	21.67	4.38	19.47	3.87	26.08
Income a year later	15.19	13.28	19.50	7.92	19.87	12.53
Next six months for buying durable items	4.69	39.45	7.13	33.86	5.05	37.89
Next six months for buying a car/motor cycle	4.82	40.25	6.26	37.30	5.73	37.76
Current times for buying a house	6.98	43.67	6.31	48.65	7.80	43.75
Better financial conditions in next six months	11.65	25.06	12.59	19.33	11.69	27.07

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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.

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;

- 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.