

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 1798 surveyed households. Out of these households 567 were previously interviewed in November 2012, while the remaining are fresh. As per design, this exercise was conducted during evening hours of 1st-5th May 2013.ⁱ

Summary

The main results of current wave are summarized below:

- a) The Consumer Confidence Index (CCI)ⁱⁱ rose to 130.82 from 121.11 (Mar 2013) see Table 1- its highest level since the launch of the survey in January 2012;
- b) The Expected Economic Conditions (EEC) index, i.e. people expecting economic conditions to improve in the next six months, rose from 117.75 to 138.28. However, the Current Economic Conditions (CEC) index did not observe such a significant change;
- c) Compared to the previous survey, inflationary pressures are expected to ease during the next six months, and this transition towards low inflation expectations is geographically broad-based (see map).

Households foresee a further decline in the rate of inflation during the next six months (see **Table 2**). The decline in percentage of respondents expecting inflation is consistent for all the commodity groups, when compared to previous survey results.

There are greater negative sentiments about current times for the purchase of a house. However, there is an improvement in positive sentiments about purchasing durable goods over the next six months.

The share of respondents expecting higher interest rates has decreased, compared to the previous survey.

Finally, there has been a visible decline in the percentage of respondents expecting higher unemployment; however, the decline is most significant in case of the middle income group.

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I. Tables

Table 1: Consumer indices

Change (May-Jan) in:	May 2013	March 2013	Jan 2013
Consumer confidence index	130.82	121.11	115.97
Current economic conditions index	122.26	124.96	119.60
Expected economic conditions index	138.28	117.75	112.79

Table 2: Inflation Expectations by Group

Percentage of households expecting a rise over next six months in prices of*:	May 2013	March 2013	Jan 2013
All items of daily-use ^a	41.07	49.52	54.71
Food items ^b	40.01	51.56	52.88
Energy items ^c	40.98	51.79	54.66
Non-food non-energy items ^d	39.06	48.80	50.47

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	May 2013		March 2013		Jan 2013	
	Positive	Negative	Positive	Negative	Positive	Negative
Unemployment	7.65	32.39	4.80	43.97	3.92	48.70
Interest rate	4.38	19.47	3.87	26.08	4.66	26.43
Income a year later	19.50	7.92	19.87	12.53	18.23	11.02
Next six months for buying durable items	7.13	33.86	5.05	37.89	4.10	40.10
Next six months for buying a car	6.26	37.30	5.73	37.76	6.03	39.30
Current times for buying a house	6.31	48.65	7.80	43.75	8.28	48.13
Better financial conditions in next six months	12.59	19.33	11.69	27.07	11.44	28.28

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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.

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.