

S&P Global UK Consumer Sentiment Index (CSI)

Consumer confidence takes a hit as 2025 commences

- Consumer Sentiment Index (CSI) lowest for a year
- Labour market prospects weaken as job security declines and pay growth slows significantly
- Additionally, the debt sentiment marker rises to a 41-month high amid rising debt levels and a cautious approach to borrowing

The S&P Global UK Consumer Sentiment Index (CSI) survey has been collected monthly since 2009 and is based on a panel of 1,500 UK households. The latest monthly data were collected between 9th – 13th January, making it the earliest available indicator of consumer confidence.

All data are seasonally adjusted and expressed as diffusion indices where 50 signals no change on the prior month. Readings above 50 signal an increase or improvement; readings below 50 signal a decrease or deterioration.

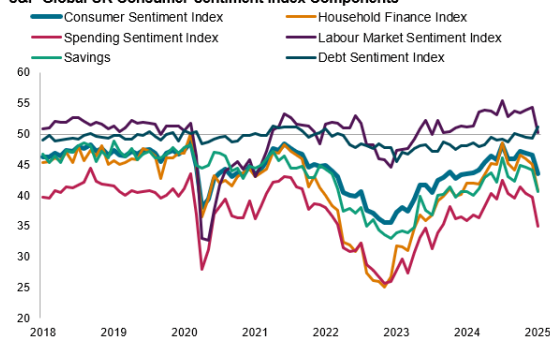
The latest survey shows that 2025 began on a gloomy note, with the headline CSI (a combination of survey gauges tracking consumer financial wellbeing, labour market conditions, household spending, savings and debt) down sharply to a 12-month low of 43.6 down from 46.6 in December.

S&P Global UK Consumer Sentiment Index



As of January 20, 2025.
Index 50 = no change on prior month. All data seasonally adjusted.
Source: S&P Global Market Intelligence.
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S&P Global UK Consumer Sentiment Index Components



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Commenting on the survey, Maryam Baluch, Economist at S&P Global Market Intelligence, said:

“January revealed a significant decline in confidence among UK households, highlighting a troubling trend which hints at downside risks to the economy in the near-term. Financial wellbeing has deteriorated sharply, plunging households into a more pessimistic outlook for the year ahead. With mounting financial pressures, households have drastically curtailed their spending on major purchases and are having to rely more heavily on their savings, all while grappling with an increasingly difficult labour market landscape.

“The labour market, which had been a cornerstone of confidence for over a year up to late last year, weakened in January. Households expressed greater insecurity in their current jobs, growth in workplace activity has slowed sharply and income has broadly stalled. This deterioration followed the Autumn Budget’s employment policy changes, which businesses also viewed sceptically.

“The latest data also indicated rising debt levels. Debt was accumulated at the most pronounced rate in nine months, leading households to borrow cautiously and instead increasingly fallback on their savings. In fact, demand for unsecured loans fell at the strongest level in the series history.

“The January data sets a gloomy stage for 2025, with falling household confidence adding downside risks to an economy which is already flatlining.”

S&P Global Consumer Sentiment Index and components

50 = no change on prior month, seasonally adjusted.

	Dec	Jan '25	High/low
Consumer sentiment index	46.6	43.6	12-month low
Household Finance Index	45.1	40.9	13-month low
Current finances	42.5	36.3	17-month low
Expected finances in 12 months' time	47.8	45.5	10-month low
Spending Sentiment Index	39.7	35.1	17-month low
Cash available to spend	41.4	38.7	10-month low
Views on making major purchases	37.9	31.5	18-month low
Labour Market Sentiment Index	54.4	50.2	18-month low
Job security	52.6	48.5	16-month low
Activity at work	55.2	52.0	11-month low
Income from employment	55.5	50.2	18-month low
Debt Sentiment Index	49.4	51.1	41-month high
Level of debt*	50.6	51.2	9-month high
Need for unsecured credit*	51.1	47.9	Record low
Availability of unsecured credit	49.8	52.4	Record high
Savings Index	44.2	40.7	11-month low

* Inverted in index calculation.

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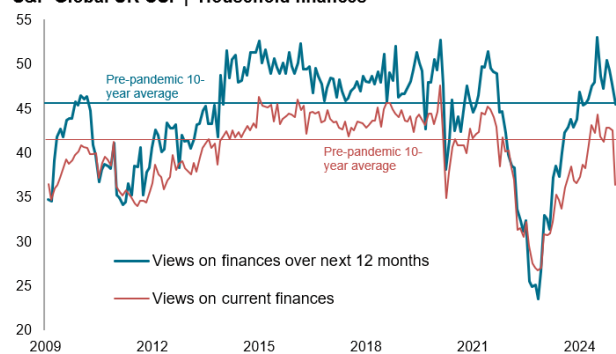
Embargoed until 09:30 GMT 20 January 2025

Household finance index slumps to 13-month low

Perceptions about current and future finances at UK households took a turn for the worse at the start of the year. **Current finances came under further stress, with households registering the most pronounced deterioration since August 2023.** Granular data revealed a widespread drop in financial wellbeing across all income levels, with high earning households now also signalling negative sentiment for the first time in almost a year. Lower-income households nevertheless continued to face the steepest drop in their financial wellbeing of the monitored income groups.

Additionally, **the financial outlook for households for the coming year was the most downbeat since last March,** signalling a drastic shift from the post-election record-high seen back in July and a further negative shift following the Budget in October.

S&P Global UK CSI | Household finances



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Labour market weakness signals emerging concern

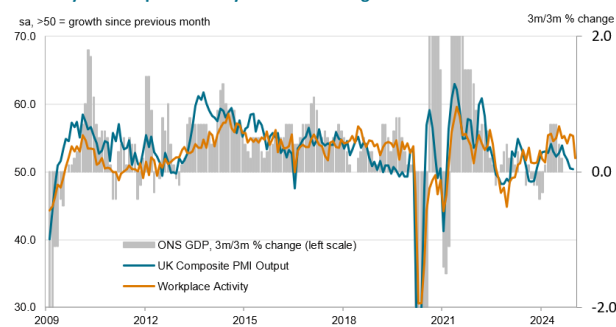
Household perceptions of the labour market experienced a significant softening at the start of 2025, with views on the health of the labour market down to the lowest in 18 months.

Indeed, **all three sub-categories — job security, income from employment, and work activity — recorded a fall in their respective indexes.** Job security diminished for the first time in 11 months, leaving households feeling their most vulnerable regarding work prospects since September 2023.

Households also reported the slowest rise in workplace activity in 11 months, which corroborates signals of a broad stagnation in the UK economy in December PMI data.

S&P Global Consumer Sentiment Index (CSI) | Workplace Activity v/s GDP

What is your workplace activity vs. one month ago?

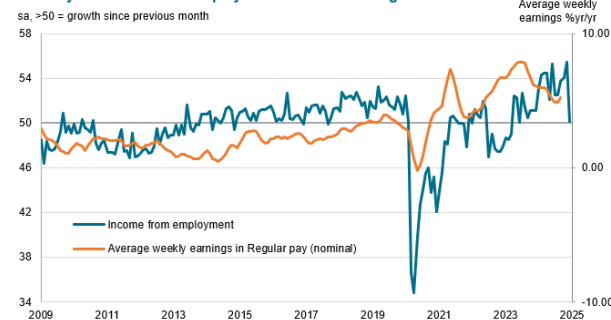


As of January 20, 2025.
CSI based on survey of 1500 households.
Source: S&P Global Market Intelligence and ONS.
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Consequently, **households saw only a slight improvement in income from employment in January.** The growth rate moderated significantly to an 18-month low from the record high reached in December 2024 to signal near-stalled take-home pay growth. Private sector employees in fact recorded the first decline in income received from employment since March 2023, which also corresponds with a decrease in job security throughout the private sector. While incomes among public sector workers continued to rise, the rate of increase slowed notably compared to December.

S&P Global Consumer Sentiment Index (CSI) | Income v/s Regular Pay

What is your income from employment vs. one month ago?



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Households adapt a stance of financial prudence as debt levels rise

The rising cost of living, coupled with near stagnant income growth, made it increasingly difficult for households to manage their debt at the start of the year. **Debt burdens rose for the third straight month in January, and to the greatest extent since April 2024.**

Moreover, heightened economic uncertainty and a more concerning outlook for the labour market **have led households to be more cautious about taking on additional unsecured loans, with the respective seasonally adjusted index dropping below the neutral 50.0 mark for the first time in three years, and to a record low.**

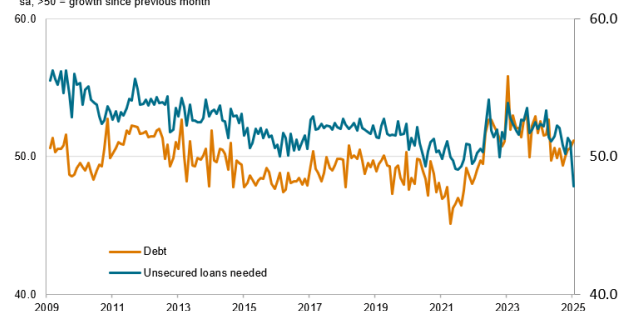
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S&P Global Consumer Sentiment Index (CSI) | Debt and Unsecured loans needed

What is your debt and need for unsecured loans vs. one month ago?

sa, >50 = growth since previous month



Savings continue to be eroded

Households once again cut back rapidly on their willingness to spend on big-ticket items in January, with the appetite to buy expensive goods dropping at the most pronounced pace in one-and-a-half years. This decrease in purchasing activity reflected a severe drop in cash availability, which deteriorated markedly and at the fastest rate in ten months.

Despite adopting a more cautious approach to spending, households continued to deplete their savings due to the ongoing erosion of disposable income. **January's CSI data revealed that savings were diminished at the steepest rate in nearly a year.**

Households signal a hawkish shift in interest rate expectations

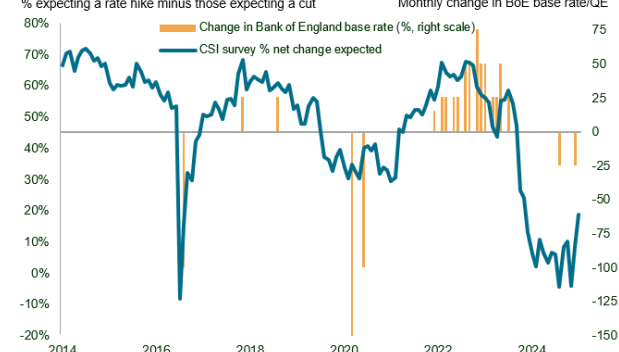
The start of the year indicated an increasing belief among households that the next change to interest rates will be a hike. A net balance of 19% of respondents expecting an increase in rates as the next move from the Bank of England, up from 8% the previous month. This marked the highest reading since November 2023, with underlying data revealing that 42% of surveyed households now predict a rise, nearly double the 24% who anticipate a rate cut.

Households' expectations of a more restrictive monetary policy outlook for the coming year aligns with their behaviour of moving away from taking additional unsecured loans, as they strive to maintain their current debt levels.

That said, the slowdown in income growth could provide the central bank with a rationale to cut rates further in 2025, particularly at a time when the UK economy has largely stalled. Nonetheless, economic uncertainty may result in rate cuts being implemented more gradually, placing the central bank in a precarious position once again.

CSI survey | Expected change to Bank of England base rate

% expecting a rate hike minus those expecting a cut



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Note to Editors

Survey methodology

The Consumer Sentiment Index (CSI) is an equally weighted average of five indices: Household Finance Index, Spending Sentiment Index, Labour Market Sentiment Index, Spending Sentiment Index, Debt Sentiment Index and Savings Index. These have similarly been derived from equally weighed averages of relevant sub-components. Index values vary around the 50.0 "no-change" level, with readings above 50.0 signalling an improvement and readings below 50.0 a deterioration. Survey indices have been seasonally adjusted using the US Census Bureau X-12 programme. S&P Global do not revise underlying (unadjusted) survey data after first publication.

The CSI survey was first conducted in February 2009 and is compiled each month by S&P Global. The survey methodology has been designed by S&P Global to complement the Purchasing Managers' Index™ (PMI®) business surveys, which are closely watched due to their timeliness and accuracy in anticipating changing business conditions. The CSI is intended to accurately anticipate changing consumer behaviour.

The survey is based on monthly responses from approximately 1,500 individuals in the UK, with data collected by Ipsos MORI from its panel of respondents aged 18-64. The survey sample is structured according to gender, region and age to ensure the survey results accurately reflect the true composition of the population. Results are also weighted to further improve representativeness.

Prior to September 2010, the CSI was known as the Household Finance Index and was jointly compiled by YouGov and S&P Global based on monthly responses from over 2,000 UK households, with data collected online by YouGov plc from its representative panel of respondents aged 18 and above. The panel was structured according to income, region and age to ensure the survey results accurately reflected the true composition of the UK population. Results were also weighted to further improve representativeness.

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