

S&P Global UK Consumer Sentiment Index (CSI)

Consumer confidence eases to three-month low

- Consumer Sentiment Index (CSI) dips again as majority of indicators turn lower
- Income from employment rises at a record-rate in December, supporting greater labour market sentiment

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 5th – 9th December, 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.

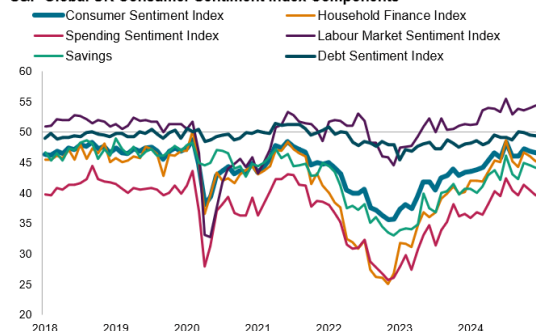
The headline CSI, a combination of survey gauges tracking consumer financial wellbeing, labour market conditions, household spending, savings and debt, fell to 46.6 in the final month of the year, down from 46.9 in November, albeit still trending above its long-run average. Sentiment regarding the labour market remained a silver lining as it was the only CSI component to post above the neutral 50.0 mark.

S&P Global UK Consumer Sentiment Index



As of December 16, 2024.
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:

“The year is concluding on a subdued note for UK households, as a further decline in consumer confidence in December extends the reversal in sentiment that been witnessed since the General Election.

“The high cost of living has led to a continued erosion of disposable income, as households are experiencing a more pronounced decline in available cash for spending and are increasingly relying on their savings to meet their expenses. Households have indicated a greater need for borrowing to sustain their standard of living, with December seeing a further and more significant accumulation of debt, which will only add to the financial pressures faced by households.

“More positively, the headline CSI remains above the historical average, reflecting the ongoing health of the labour market. High level of employment are being accompanied by rising income from employment, which increased at the strongest rate in the series’ history, which spans over 15 years, though this in part reflects households having to work harder to maintain their standards of living without recourse to debt or savings.

“Question marks also hang over the degree to which the labour market’s strength will persist, given business gloom following the recent policy changes announced in the Budget.”

S&P Global Consumer Sentiment Index and components

50 = no change on prior month, seasonally adjusted.

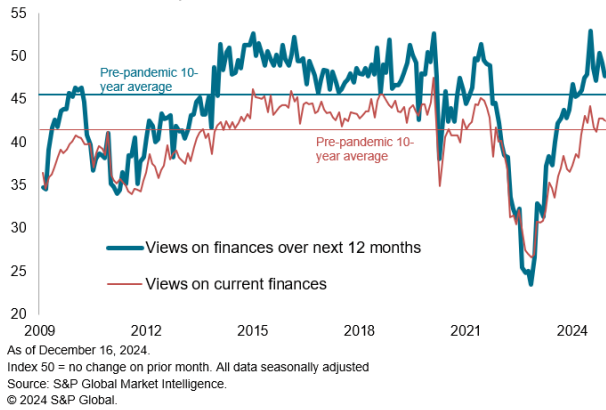
	Nov	Dec	High/low
Consumer sentiment index	46.9	46.6	3-month low
Household Finance Index	46.0	45.1	3-month low
Current finances	42.8	42.5	3-month low
Expected finances in 12 months’ time	49.3	47.8	3-month low
Spending Sentiment Index	40.4	39.7	3-month low
Cash available to spend	42.3	41.4	8-month low
Views on making major purchases	38.5	37.9	3-month low
Labour Market Sentiment Index	53.9	54.4	5-month high
Job security	52.3	52.6	2-month high
Activity at work	55.5	55.2	2-month low
Income from employment	54.1	55.5	Record high
Debt Sentiment Index	49.5	49.4	3-month low
Level of debt*	50.5	50.6	4-month high
Need for unsecured credit*	51.4	51.1	2-month low
Availability of unsecured credit	50.5	49.8	4-month low
Savings Index	44.6	44.2	3-month low

* Inverted in index calculation.

Current and future financial perceptions become increasingly downbeat

UK households experienced ongoing pressures on their current finances in December. At the same time, perceptions of financial wellbeing for the upcoming year reflected heightened pessimism. In both instances, the relevant indexes declined to three-month lows, thereby solidifying a turnaround of the gains seen following the election in July.

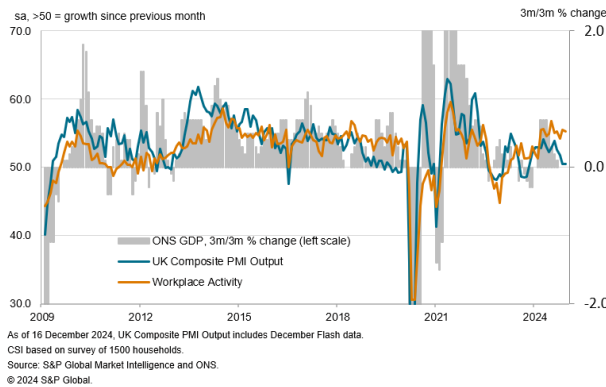
S&P Global UK CSI | Household finances



Labour market a silver lining

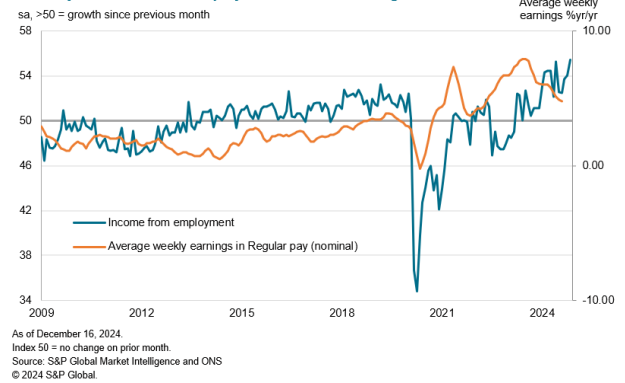
As 2024 drew to a close, positive trends in the labour market remained evident, with optimism observed for nearly a year and a half. Underlying segments indicated a twenty-first consecutive monthly increase in workplace activity, occurring at a robust pace that outpaced the historical average.

S&P Global Consumer Sentiment Index (CSI) | Workplace Activity v/s GDP
What is your workplace activity vs. one month ago?



In December, confidence in job security improved, with the seasonally adjusted index remaining comfortably above the neutral 50.0 threshold. Furthermore, the rate of salary growth picked up for the third month in a row, with households reporting the largest increase in income received from employment in the series history which began in February 2009.

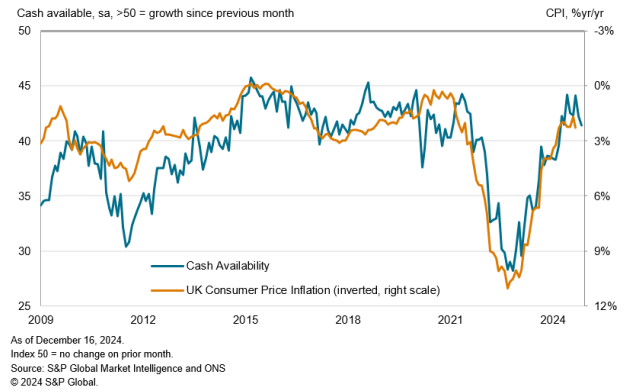
S&P Global Consumer Sentiment Index (CSI) | Income v/s Regular Pay
What is your income from employment vs. one month ago?



Erosion of cash available hinders purchasing activity of large-ticket items

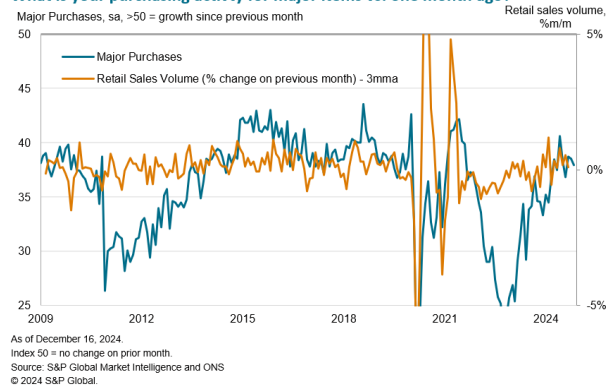
Increasing incomes, however, were offset by rising prices, as evidenced by the CPI moving above the central bank's 2% rate at 2.3% in October (up from 1.7% in September). The latest CSI data showed growing pressure on disposable income, with a significant decline in cash available for UK households to spend in December. The rate of decrease was the strongest since April.

S&P Global Consumer Sentiment Index (CSI) | Cash Availability vs. inflation
What is your cash availability vs. one month ago?



Subsequently, purchasing activity was hampered. Households reported a significant drop in buying activity for large-ticket goods, with the pace of decline the most pronounced since September.

S&P Global Consumer Sentiment Index (CSI) | Major Purchases vs. Retail Sales Volume
What is your purchasing activity for major items vs. one month ago?



Households' views on spending remained the most pessimistic among all the categories tracked by the CSI.

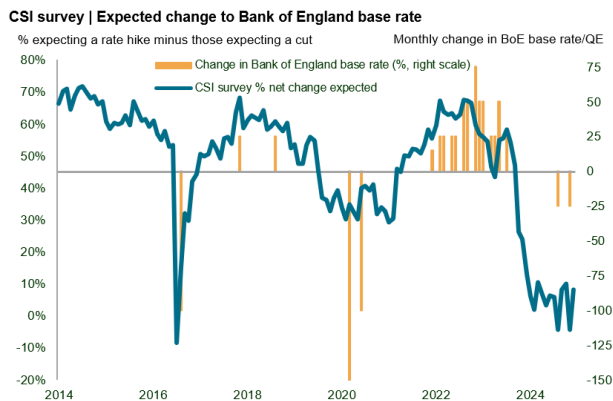
Households chip away at their financial reserves

Reduced cash availability meant that **savings dwindled again**. Households based in the UK recorded a sharp reduction in their financial reserves in December, with the respective seasonally adjusted index the lowest for three months.

Moreover, households increasingly turned to borrowing, as shown by the amount of debt taken on during the month rising at the fastest pace for four months. Meanwhile, demand for unsecured loans continued to rise modestly. However, the availability of unsecured loans dipped slightly in December.

Households signal a shift in interest rate expectations

Following a further 25 basis point cut to interest rates at the beginning of November, households' perspectives on the policy outlook changed once more in December. A net balance of 8% of respondents expected an increase in interest rates. The data revealed that 37% of households foresee a rate hike, while 29% — the lowest figure in a year — expect a cut. Although the CPI rate retreated significantly last year, persistent inflationary pressures, particularly from the service sector, created uncertainty regarding the monetary policy outlook.



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The next CSI will be released 09:30 GMT 20 January 2025

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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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