Overview

The main results of September 2020 survey are summarized below:

a) Overall Consumer Confidence Index (CCI) increased by 20.8% in September 2020 and Overall Inflation Expectations dropped by 3.1% in current wave compared to the previous survey conducted in July 2020;

b) The change in September 2020 CCI can be attributed to a significant improvement in the current economic conditions index (CEC) by 17.9 percent and the expected economic conditions index (EEC) by 23.3 percent from its value in the preceding survey (Table 1);

c) Inflation indices constructed from the survey data show persistently high inflation expectations for next six months. However, expectations in next six months of rise in prices is moderately lower than the previous wave in July 2020 (Figure 5).

![Figure 1: Indices of Consumer Confidence](image)

*Where DI ranges from 0 to 100; interpretation of which is as follows:¹

- DI > 50 indicates that Positive views are more than Negative views;
- DI = 50 indicates that Positive views and Negative views are equal;
- DI < 50 indicates that Positive views are less than the Negative views.

Table 1: Consumer Indices - Diffusion

<table>
<thead>
<tr>
<th>Month</th>
<th>Nov-19</th>
<th>Jan-20</th>
<th>Mar-20</th>
<th>May-20</th>
<th>Jul-20</th>
<th>Sep-20</th>
<th>% change (Sep-20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEC</td>
<td>37.37</td>
<td>34.50</td>
<td>38.41</td>
<td>34.17</td>
<td>31.87</td>
<td>37.57</td>
<td>17.87</td>
</tr>
<tr>
<td>CCI</td>
<td>41.92</td>
<td>40.59</td>
<td>44.03</td>
<td>39.45</td>
<td>35.61</td>
<td>43.04</td>
<td>20.85</td>
</tr>
<tr>
<td>EEC</td>
<td>46.47</td>
<td>46.68</td>
<td>49.64</td>
<td>44.73</td>
<td>39.35</td>
<td>48.50</td>
<td>23.26</td>
</tr>
</tbody>
</table>

¹ See Annexure for the methodology of the index computation

For queries & feedback: sbp.surveys@sbp.org.pk
Figure 2: Overall Consumer Confidence - Distribution of Responses (%)

Figure 3: Current Economic Conditions - Distribution of Responses (%)

Figure 4: Expected Economic Conditions - Distribution of Responses (%)
Consumer Confidence Survey September 2020 (53rd Wave)

Table 2: Inflation Expectations by Group

<table>
<thead>
<tr>
<th>Diffusion Index</th>
<th>Nov-19</th>
<th>Jan-20</th>
<th>Mar-20</th>
<th>May-20</th>
<th>Jul-20</th>
<th>Sep-20</th>
<th>% change (Sep-20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>70.66</td>
<td>71.91</td>
<td>62.04</td>
<td>65.93</td>
<td>72.99</td>
<td>70.75</td>
<td>-3.07</td>
</tr>
<tr>
<td>Food Inflation</td>
<td>66.37</td>
<td>67.89</td>
<td>58.94</td>
<td>63.88</td>
<td>71.32</td>
<td>68.40</td>
<td>-4.10</td>
</tr>
<tr>
<td>Energy Inflation</td>
<td>68.10</td>
<td>71.49</td>
<td>59.67</td>
<td>55.39</td>
<td>70.51</td>
<td>67.49</td>
<td>-4.28</td>
</tr>
<tr>
<td>NFNE Inflation</td>
<td>66.74</td>
<td>69.88</td>
<td>62.05</td>
<td>66.55</td>
<td>71.78</td>
<td>68.61</td>
<td>-4.41</td>
</tr>
</tbody>
</table>

Table 3: Other Highlights

<table>
<thead>
<tr>
<th>Diffusion Index</th>
<th>May-20</th>
<th>Jul-20</th>
<th>Sep-20</th>
<th>% change (Sep-20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment in next six months</td>
<td>69.26</td>
<td>71.95</td>
<td>63.21</td>
<td>-12.15</td>
</tr>
<tr>
<td>Interest rate in next six months</td>
<td>49.59</td>
<td>58.31</td>
<td>58.59</td>
<td>0.48</td>
</tr>
<tr>
<td>Income a year later</td>
<td>49.70</td>
<td>49.12</td>
<td>51.54</td>
<td>4.93</td>
</tr>
<tr>
<td>Suitability of time in the next six months to purchase durable items</td>
<td>41.98</td>
<td>34.09</td>
<td>41.20</td>
<td>20.84</td>
</tr>
<tr>
<td>Suitability of time in the next six months to purchase a vehicle</td>
<td>35.10</td>
<td>31.25</td>
<td>36.11</td>
<td>15.58</td>
</tr>
<tr>
<td>Suitability of current time for purchasing a house</td>
<td>28.55</td>
<td>29.74</td>
<td>34.56</td>
<td>16.22</td>
</tr>
<tr>
<td>Outlook for better financial conditions of households in next six months</td>
<td>52.63</td>
<td>47.38</td>
<td>56.05</td>
<td>18.29</td>
</tr>
</tbody>
</table>

Consumer Confidence Survey September 2020 (53rd Wave)

Annexure: Computation of Diffusion Index

The perceptions of consumers about the economy are presented through four composite indices:

(i) **Current Economic Conditions (CEC)** index, which is the average of diffusion indices of the following three questions:

a) "آپ اور آپ کے گھر والوں کے مالی حالات پچھلے چھ ماہ کے مقابلے میں آج کیسے بہتر ہیں؟"
How do you assess present financial position of your family compared to the last six months?

b) "ملک کے عام معاشی حالات پچھلے چھ ماہ کے مقابلے میں آج کیسے بہتر ہیں؟"
How do you assess present general economic condition of the country compared to the last six months?

c) "فرنیچر،فریج،ٹیلیویژن وغیرہ خریدنے کے لئے پچھلے چھ ماہ کے مقابلے میں یہ وقت کیسا ہے؟"
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.?

(ii) **Expected Economic Conditions (EEC)** index; which is the average of diffusion indices of the following three questions:

a) "آپ کے خیال میں آج سے چھ ماہ بعد آپ اور آپ کے گھر والوں کے مالی حالات کیسے ہوتے گے؟"
How do you expect your financial position to change over the next six months from now?

b) "آج کے مقابلے میں اگلے چھ ماہ کے دوران ملک کے عام معاشی حالات کیسے رہیں گے؟"
How do you expect general economic conditions in the country to develop over the next six months from now?

c) "آج کے مقابلے میں اگلے چھ ماہ کے دوران بیروزگاری کی سہولتوں کی چیزوں کی قیمتوں کی آپ کی صورت میں چھٹی بھی گا؟"
What do you think unemployment over the next six months from now?

(iii) **Consumer Confidence Index (CCI)**; which is the average of CEC and EEC, as above.

(iv) **Inflation Expectations Index (IEI)**; which is the diffusion index of the following question about prices:

"آج کے مقابلے میں اگلے چھ ماہ کے دوران عام استعمال کی جیب کی چیزوں کی قیمتیں کی چھٹی بھی گا؟"
How do you expect that prices in general will develop over the next six months from now?

Rotating Panel:
The sample of the survey consists of a rotating panel with 33 % of respondents are those households which were surveyed six months earlier, while the remaining 67 % are the fresh. The stratification scheme of the survey is implemented in rotating panel too.

Index Calculation**

SBP reports results of households, businesses and other perception surveys in the form of Diffusion Index (DI). The Diffusion Index shows the general tendency of respondents about a certain aspect of a particular survey. The questionnaire for this survey offers five types of options to the respondents for each question.

(i) **PP** = Increase/improve significantly;
(ii) **P** = Increase/improve;
(iii) **E** = Unchanged/neutral;
(iv) **N** = decline/deteriorate; and
(v) **NN** = decline/deteriorate significantly.

On the basis of these five options, the Diffusion Index is computed in the following two steps:

**Step 1:** Net Response (NR) is computed as below:

\[ NR = (1.00 \times PP) + (0.50 \times P) + (-0.50 \times N) + (-1.00 \times NN) \]

**Step 2:** Diffusion Index (DI) is computed as follows:

\[ DI = \frac{100 + NR}{2} \]

Where DI ranges from 0 to 100; interpretation of which is as follows:

- DI > 50 indicates that Positive views are more than Negative views;
- DI = 50 indicates that Positive views and Negative views are equal;
- DI < 50 indicates that Positive views are less than the Negative views.

**NOTE:** “Don’t Know” responses have been excluded in compilation and analysis of this report.

**For references see:**