# Consumer Confidence Survey November 2021 (60ᵗʰ Wave)

*Consumer Confidence Survey (CCS) is a stratified random telephone survey of households across Pakistan. Launched in January 2012 and having a two-monthly frequency. This survey is conducted by the Institute of Business Administration (IBA) Karachi and the State Bank of Pakistan (SBP). The current wave of the survey was conducted during **1ˢᵗ- 7ᵗʰ November 2021**; and 1,675 households were surveyed.*

Disclaimer: The results of these surveys are disseminated for general information only. These are opinions of households and may not be considered either as SBP views or as endorsement by SBP.

Overview

The main results of November 2021 survey are summarized below:

a) Overall Consumer Confidence Index (CCI) decreased by 8.7% in November 2021 and Overall Inflation Expectations remained broadly unchanged, declining by 0.6% in the current wave compared to the previous survey conducted in September 2021;

b) Decrease in CCI can be attributed to the decrease in the Expected Economic Conditions (EEC) by 10% complimented by a decline in Current Economic Conditions (CEC) by 7.1% (see **Table 1**);

c) Overall Inflation Expectations have marginally declined by 0.6% compared to the last wave in September 2021. However, seen on a disaggregated level, i.e. food, energy, NFNE shows higher inflation expectations. These expectations remain persistently high (**Figure 5**).

Figure 1: Indices of Consumer Confidence
(Diffusion Index (DI)*
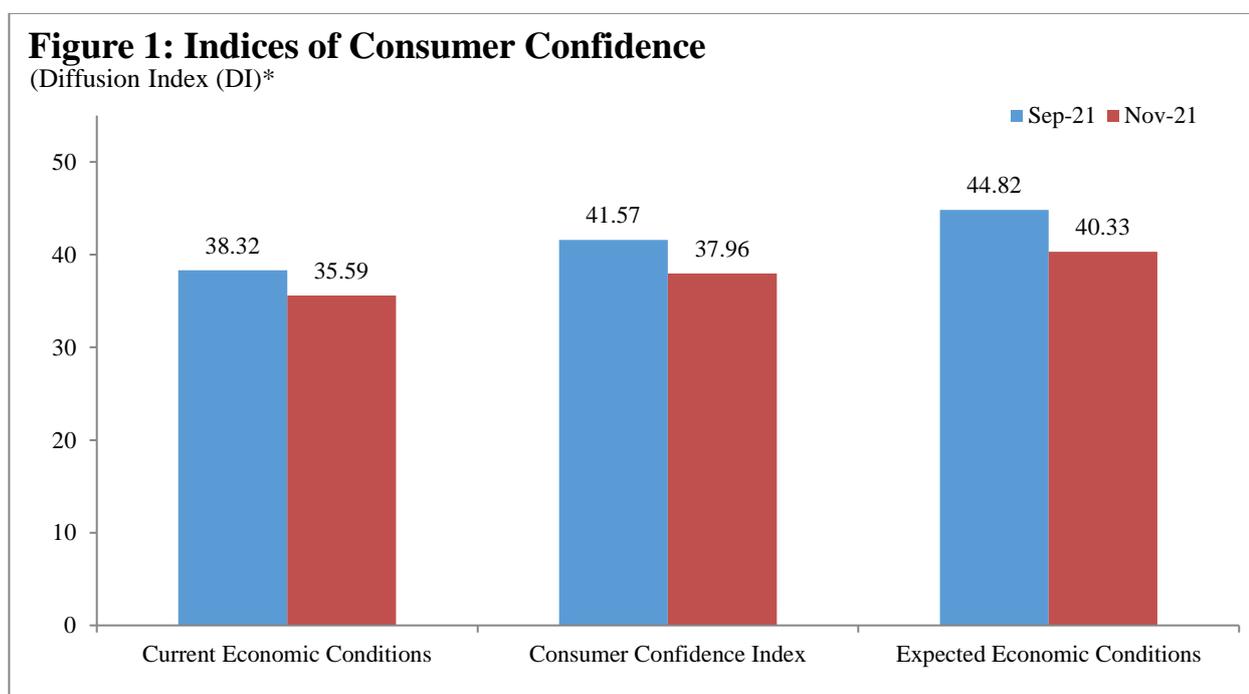
*Where DI ranges from 0 to 100; interpretation of which is as follows:[1]

   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

Month	Nov-20	Jan-21	Mar-21	May-21	Jul-21	Sep-21	Nov-21	% change (Nov-21)
CEC	34.97	38.51	37.70	38.02	40.47	38.32	35.59	-7.13
CCI	39.80	43.05	41.13	40.68	44.12	41.57	37.96	-8.68
EEC	44.63	47.59	44.57	43.34	47.77	44.82	40.33	-10.01

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[1]See Annexure for the methodology of the index computation

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Figure 2: Overall Consumer Confidence - Distribution of Responses (%)
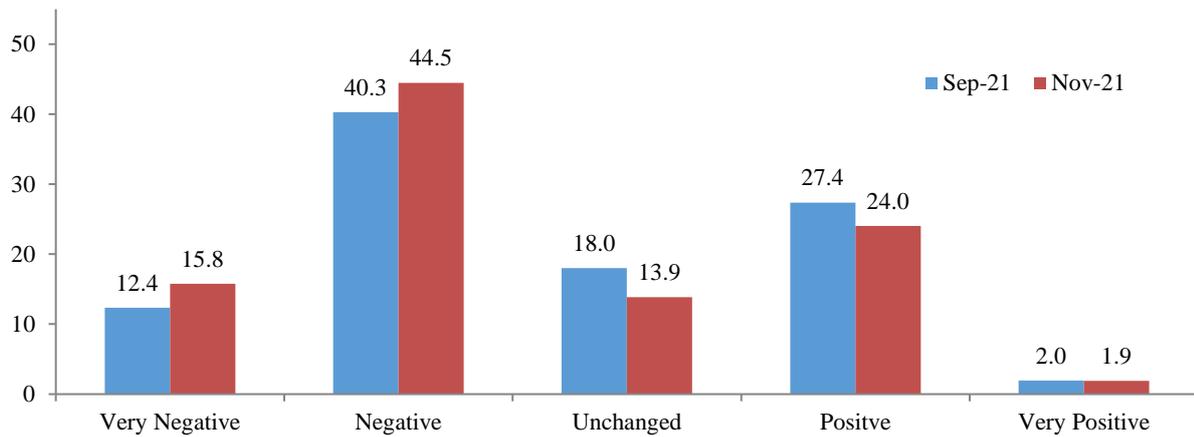
Figure 3: Current Economic Conditions - Distribution of Responses (%)
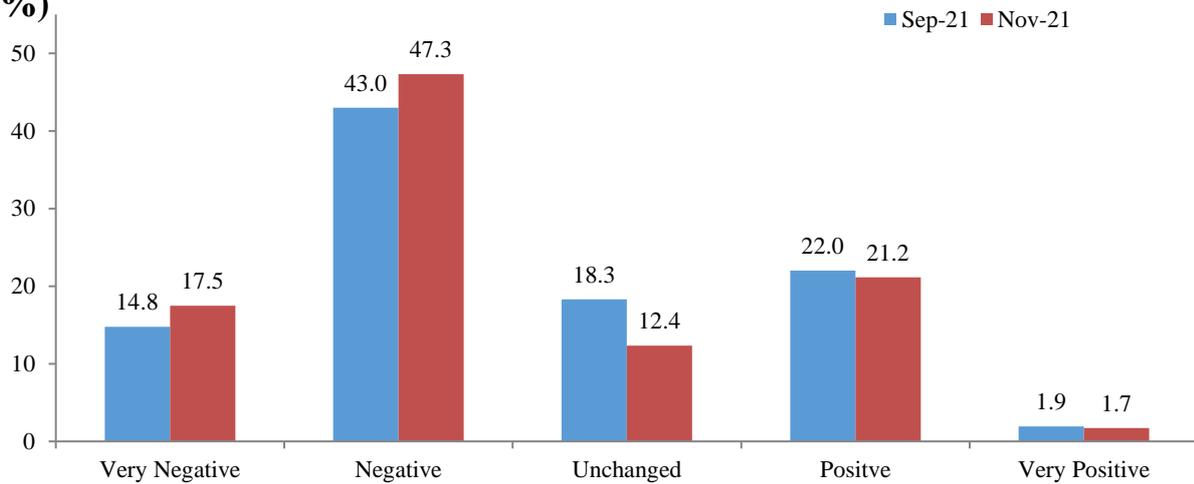
Figure 4: Expected Economic Conditions - Distribution of Responses (%)
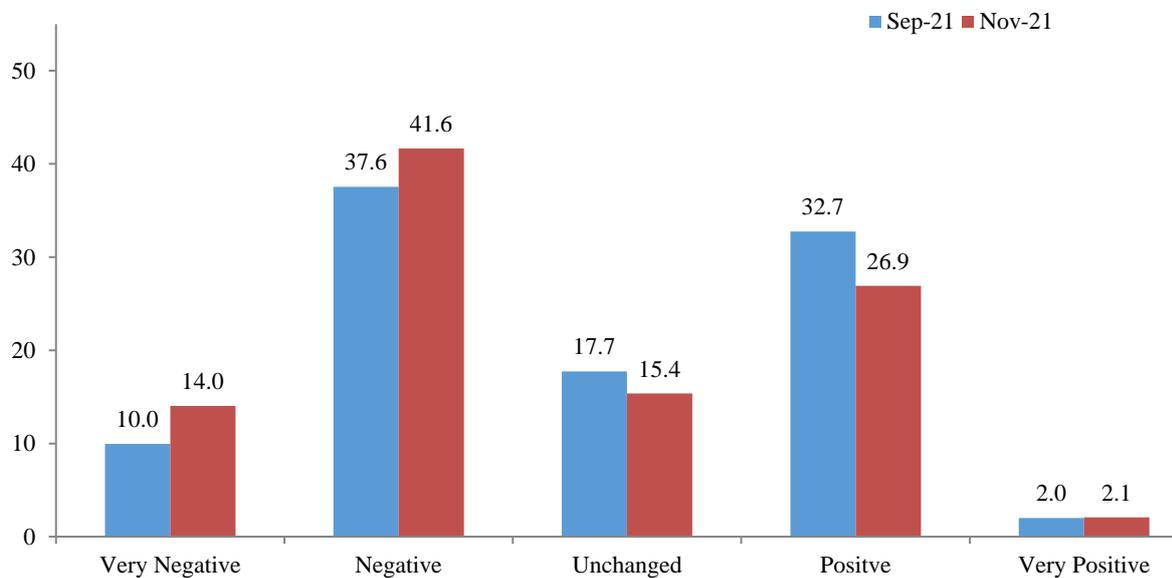
Figure 5: Inflation Expectations Index

(Diffusion Index; **DI > 50** implies high inflation views are more than low inflation views)
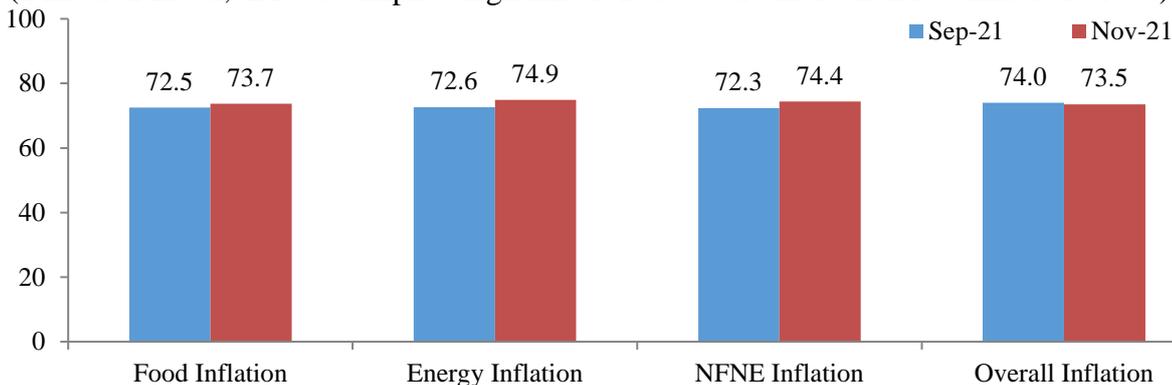
Figure 6: Overall Inflation - Distribution of Responses (%)
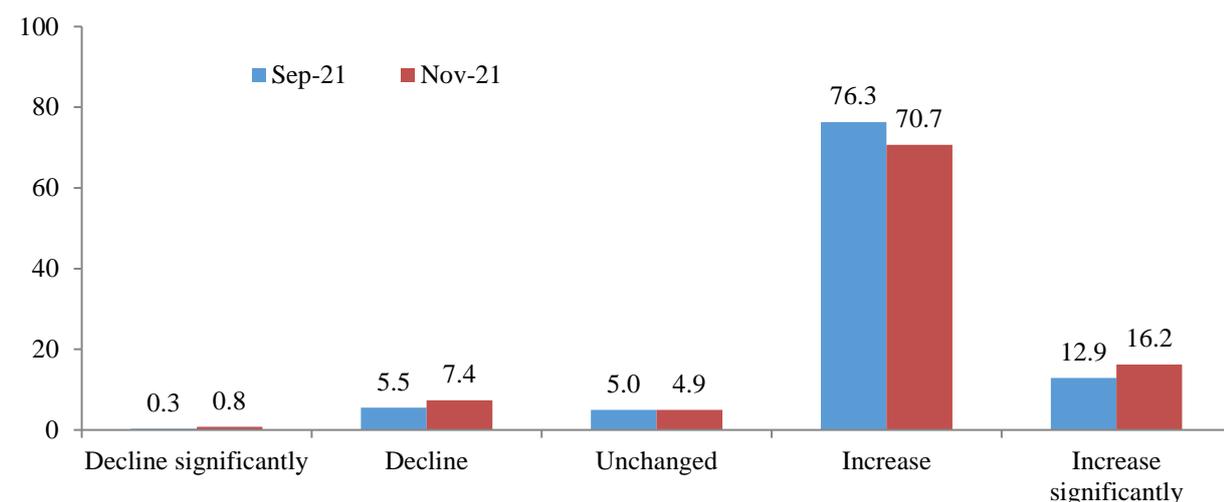
Table 2: Inflation Expectations by Group

Diffusion Index	Nov-20	Jan-21	Mar-21	May-21	Jul-21	Sep-21	Nov-21	% change (Nov-21)
Overall	70.06	69.48	71.46	71.86	70.65	74.00	73.53	-0.63
Food Inflation	67.63	67.49	69.91	69.36	69.23	72.50	73.71	1.67
Energy Inflation	67.70	68.93	72.59	71.07	69.69	72.62	74.86	3.08
NFNE Inflation	70.95	69.25	72.09	70.80	69.19	72.28	74.36	2.88

Table 3: Other Highlights

Diffusion Index	Jul-21	Sep-21	Nov-21	% change (Nov-21)
Unemployment in next six months	63.65	68.44	70.03	2.33
Interest rate in next six months	61.57	64.08	67.55	5.42
Income a year later	53.73	53.14	51.68	-2.76
Suitability of time in the next six months to purchase durable items	34.90	34.44	31.10	-9.69
Suitability of time in the next six months to purchase a vehicle	35.89	33.60	30.29	-9.85
Suitability of current time for purchasing a house	34.74	30.83	32.23	4.56
Outlook for better financial conditions of households in next six months	54.11	53.77	48.21	-10.34

For detail data of the survey visit SBP website: https://www.sbp.org.pk/research/CCS-d.asp

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 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 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 ہوں 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

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 چیزوں کی قیمتیں

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:
$$NR = (1.00*PP) + (0.50 \times P) + (-0.50 \times N) + (-1.00*NN).$$

Step 2: Diffusion Index (DI) is computed as follows:
$$DI = (100 + NR) / 2$$

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.