

Consumer Confidence Survey July 2022 (64th Wave)

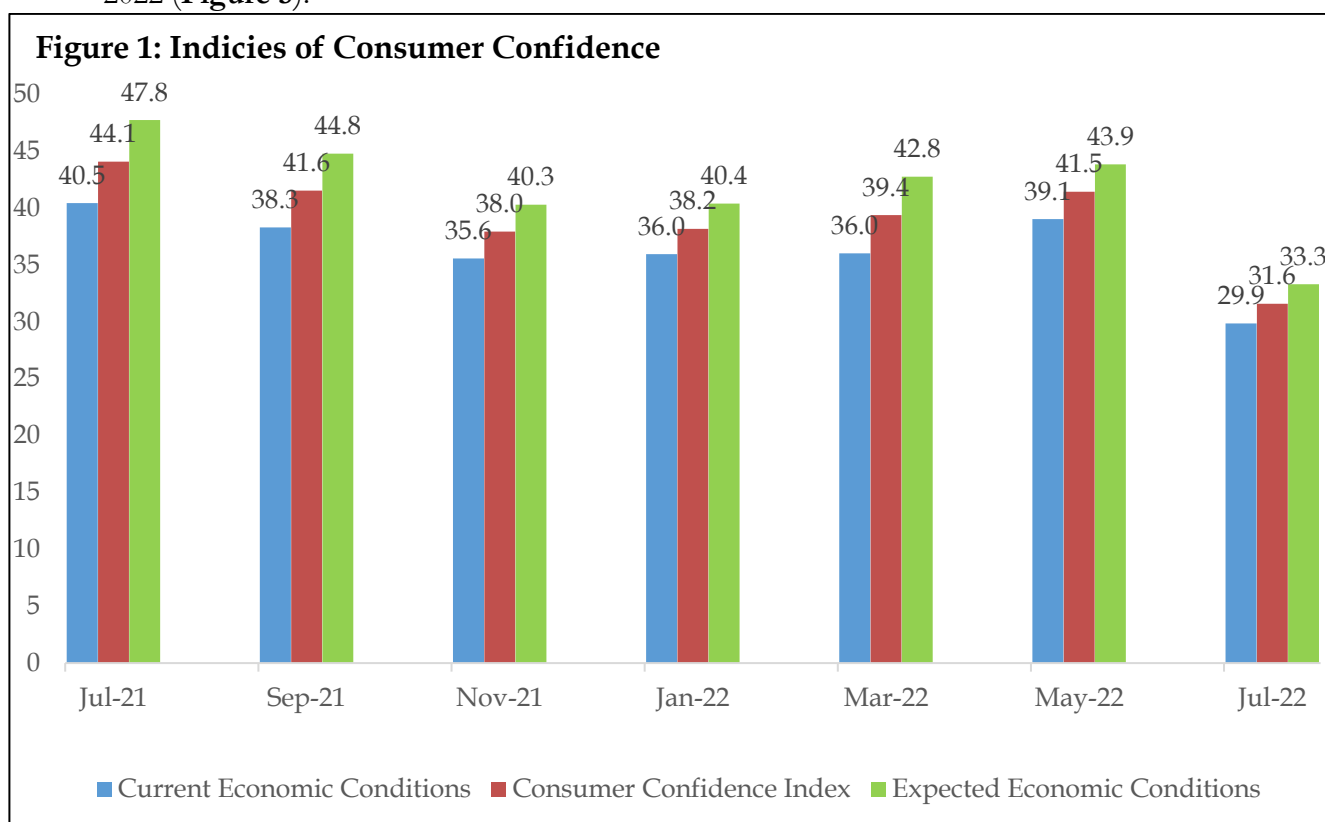
Consumer Confidence Survey (CCS) is a stratified random telephone survey of households across Pakistan. Launched in January 2012 and having a two-monthly frequency. This survey is conducted by the Institute of Business Administration (IBA) Karachi and the State Bank of Pakistan (SBP). The current wave of the survey was conducted during 24 – 30 June 2022; and 1,699 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 July 2022 survey are summarized below:

- Overall Consumer Confidence Index (CCI) declined by 23.8% in July 2022 over the last wave;
- Both the Current Economic Conditions (CEC) and Expected Economic Conditions (EEC) contributed in the decline of CCI. CEC decreased by 23.5% while EEC recorded a decline of 24.0% (see **Table 1**);
- Consumer Confidence Index saw a decline both in urban and rural areas; decline relatively more pronounced in rural areas (**Figure 7**);
- CCI of both fresh and rotating households recorded a decline in July 2022 as compared with May 2022.
- Consumers' Inflation Expectations increased by 7.6% in July 2022 as compared with May 2022 (**Figure 5**).



*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.

¹ See Annexure for the methodology of the index computation

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Table 1: Consumer Indices - Diffusion

Month	Jul-21	Sep-21	Nov-21	Jan-22	Mar-22	May-22	Jul-22	% change (Jul-22)
CEC	40.5	38.3	35.6	36.0	36.0	39.1	29.9	-23.5
CCI	44.1	41.6	38.0	38.2	39.4	41.5	31.6	-23.8
EEC	47.8	44.8	40.3	40.4	42.8	43.9	33.3	-24.0

Figure 2: Overall Consumer Confidence - Distribution of Responses (%)

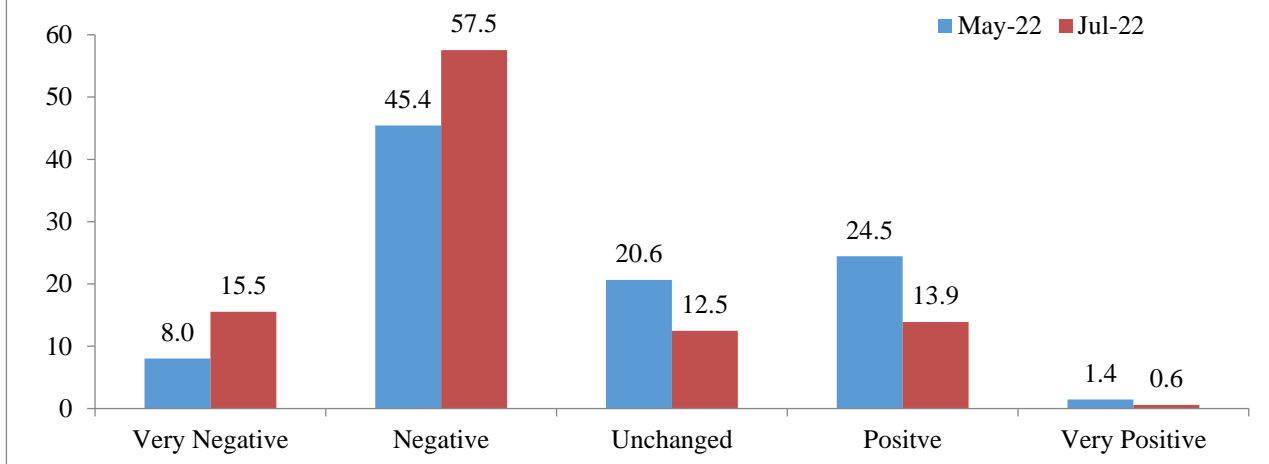


Figure 3: Current Economic Conditions - Distribution of Responses (%)

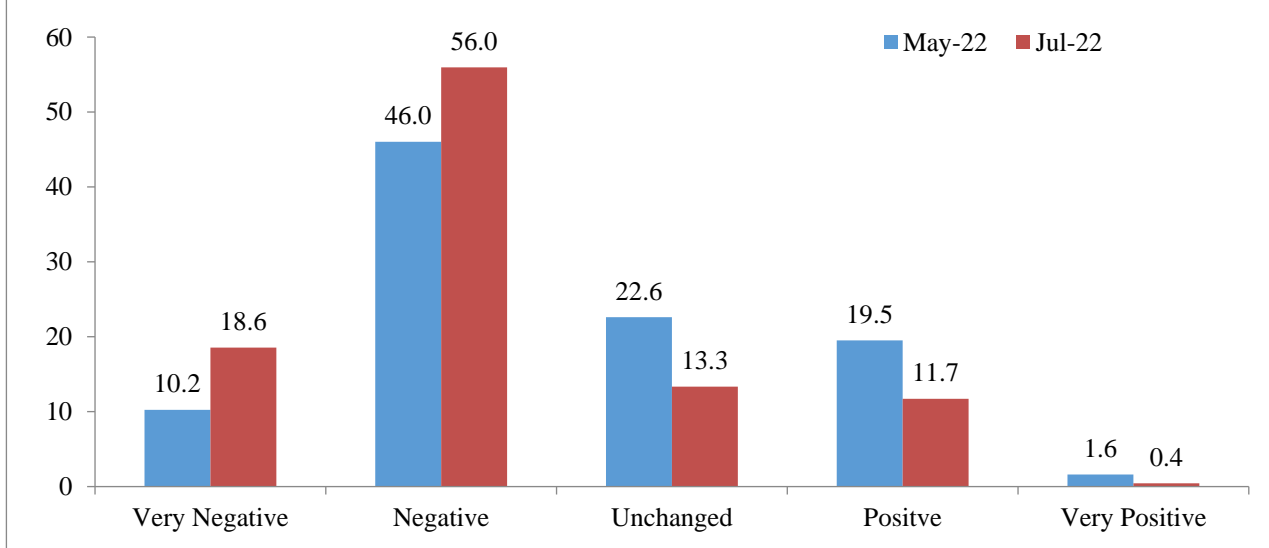


Figure 4: Expected Economic Conditions - Distribution of Responses (%)

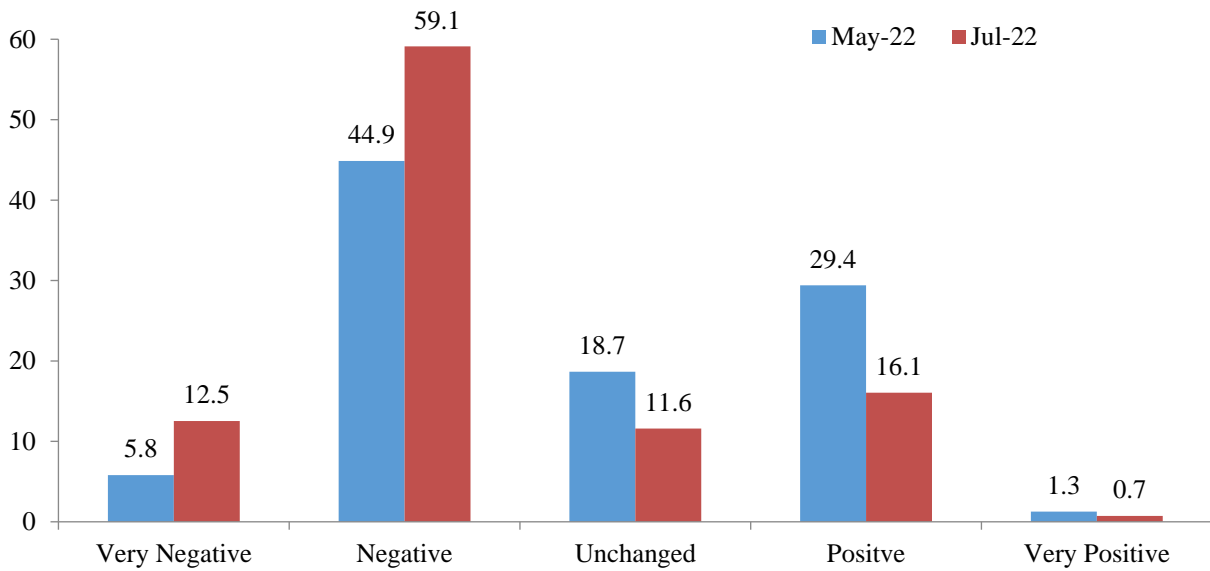


Figure 5: Inflation Expectations Index

(Diffusion Index; **DI > 50** implies high inflation views are more than low inflation views)

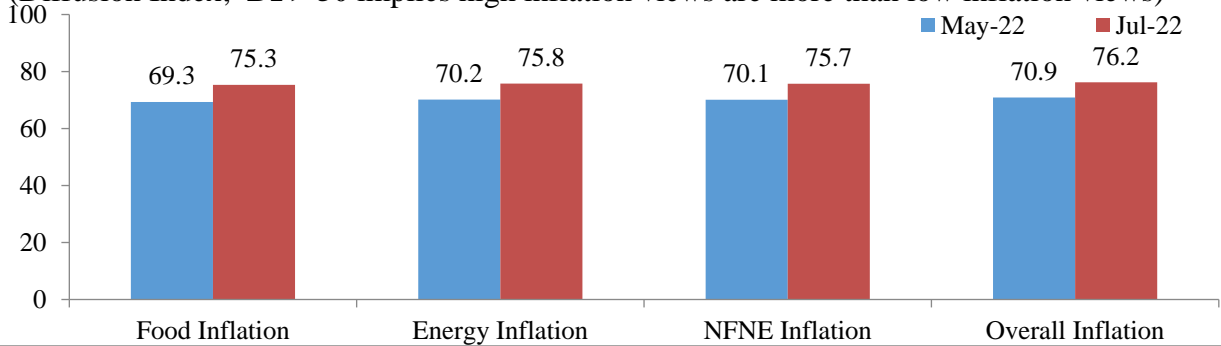
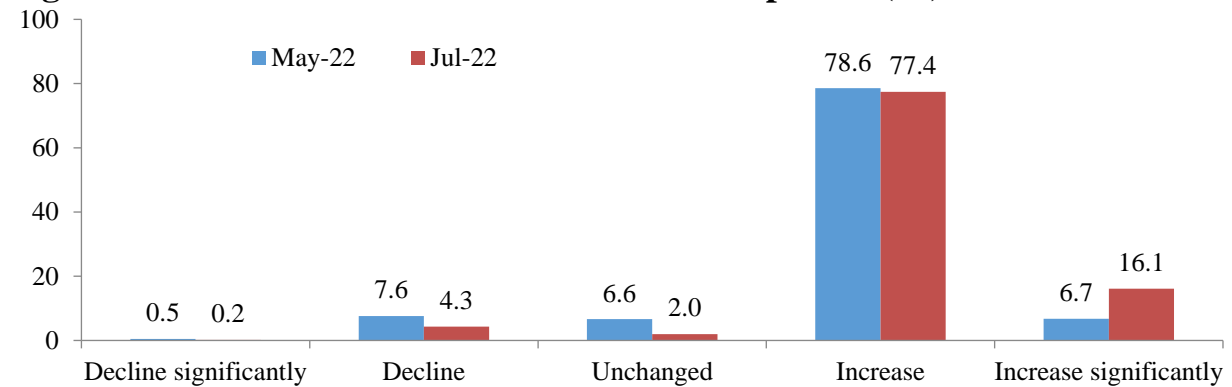


Figure 6: Overall Inflation - Distribution of Responses (%)



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Figure 7: Decomposition of Consumer Confidence Index

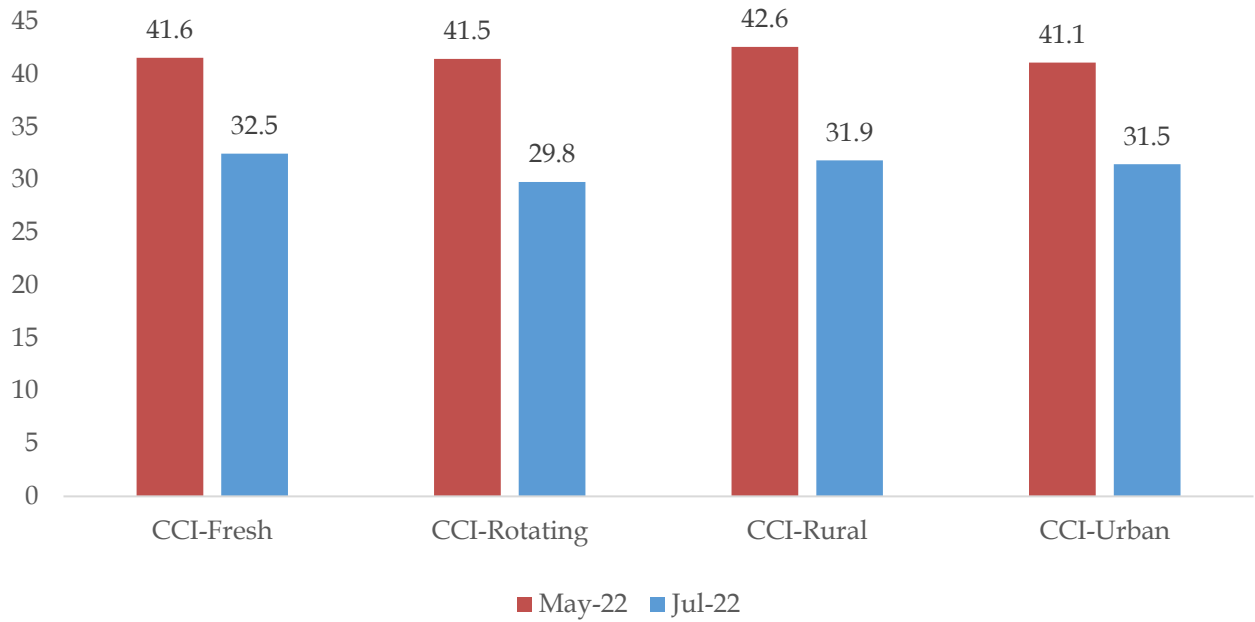
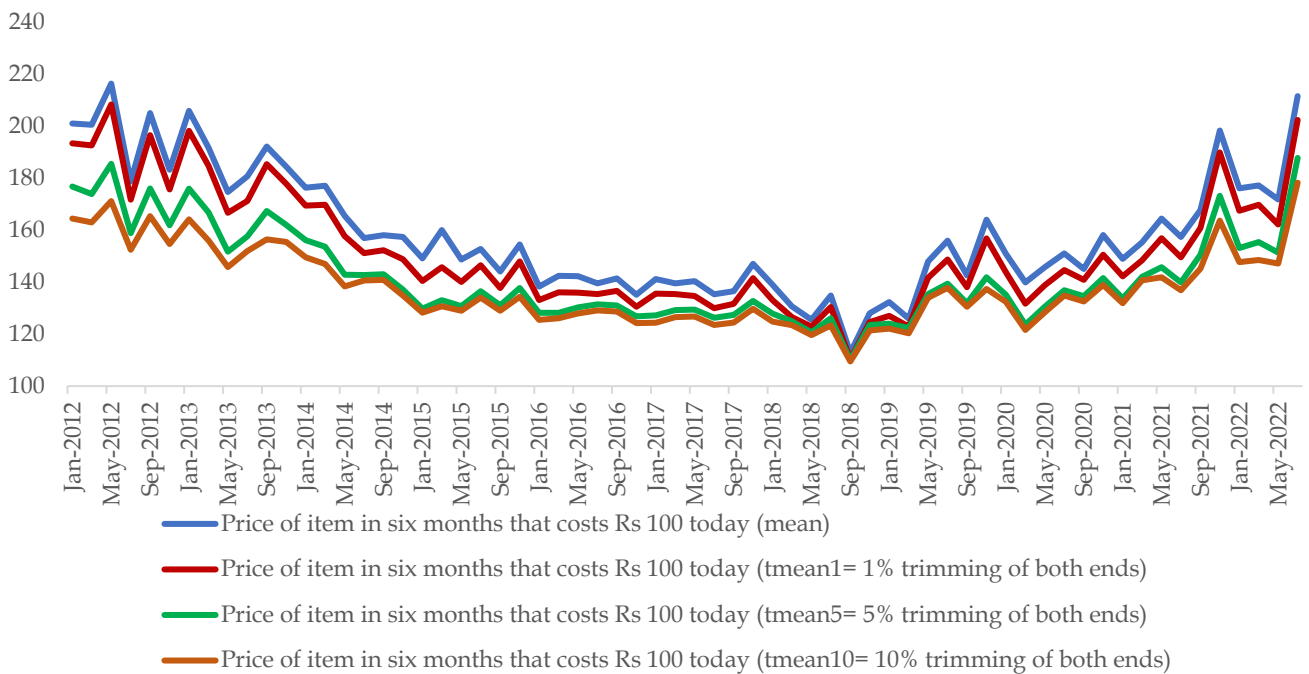


Figure 8: Trim Means



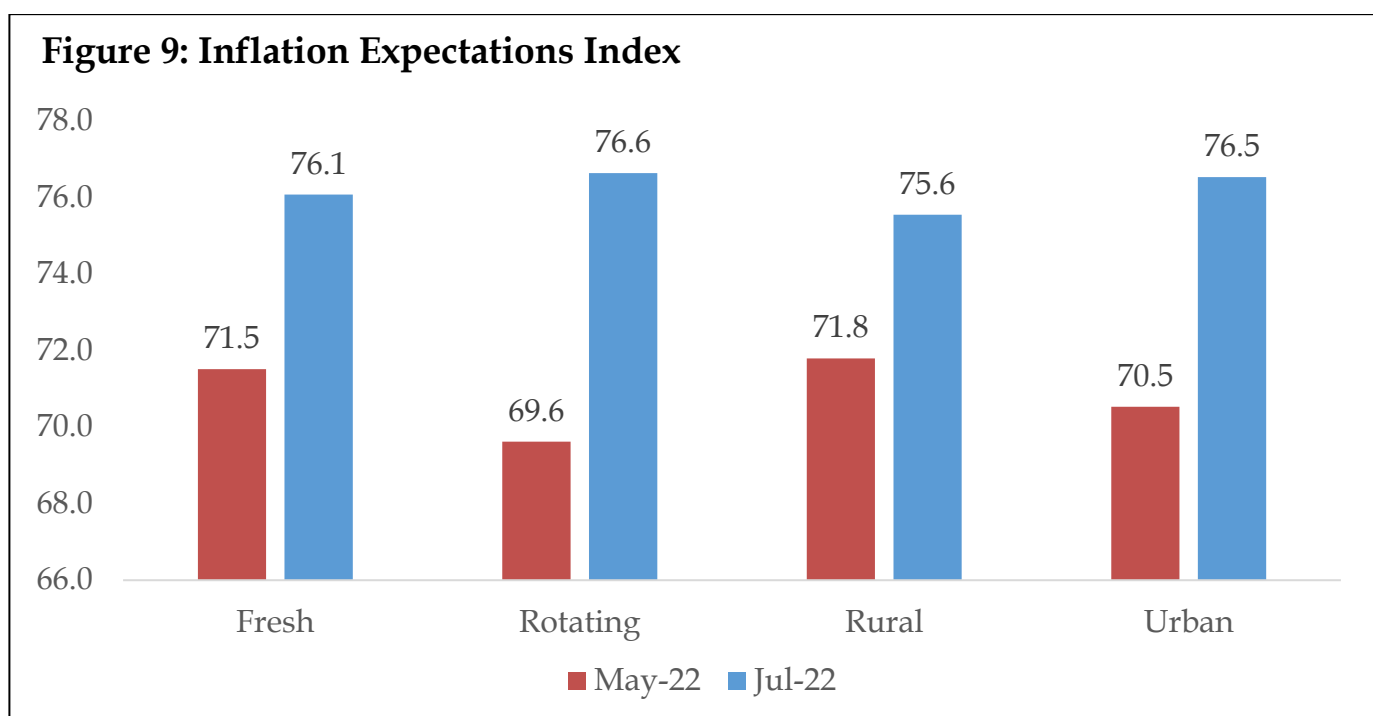


Table 2: Inflation Expectations by Group

Diffusion Index	Jul-21	Sep-21	Nov-21	Jan-22	Mar-22	May-22	Jul-22	% change (Jul-22)
Overall	70.7	74.0	73.5	74.4	72.9	70.9	76.2	7.6
Food Inflation	69.2	72.5	73.7	74.7	71.2	69.3	75.3	8.6
Energy Inflation	69.7	72.6	74.9	74.4	71.6	70.2	75.8	8.0
NFNE Inflation	69.2	72.3	74.4	74.6	71.0	70.1	75.7	8.0

Table 3: Other Highlights

Diffusion Index	Mar-22	May-22	Jul-22	% change (Jul-22)
Unemployment in next six months	66.6	67.4	73.6	9.2
Interest rate in next six months	67.7	67.5	71.9	6.5
Income a year later	55.2	55.5	50.3	-9.3
Suitability of time in the next six months to purchase durable items	33.5	32.4	27.7	-14.8
Suitability of time in the next six months to purchase a vehicle	31.7	30.3	26.4	-13.0
Suitability of current time for purchasing a house	32.2	30.3	26.8	-11.5
Outlook for better financial conditions of households in next six months	48.3	52.3	39.6	-24.3

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

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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 کیسے 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.

**For references see:

- 1) OECD (2003); Business Tendency Surveys A Handbook; Statistics Directorate, OECD; <https://www.oecd.org/std/leading-indicators/31837055.pdf>
- 2) European Commission (2014); The joint harmonised EU programme of business and consumer surveys: User Guide; March; http://ec.europa.eu/economy_finance/publications/.