

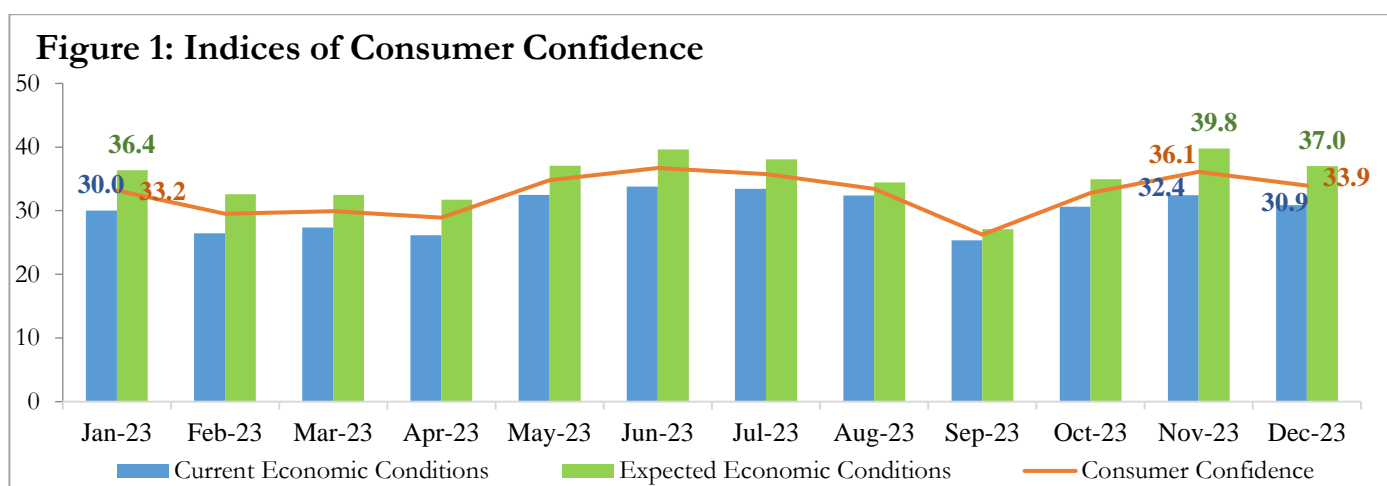
Consumer Confidence Survey* - December 2023 (78th Wave)

[The current wave of the survey was conducted from December 1 -8, 2023; with 1,586 households surveyed]

Overview

The main results of December 2023 survey are summarized below:

- a) Overall Consumer Confidence Index (CCI) declined by 2.2 points to 33.9 in December 2023 over November 2023 (**Figure 1 & Table 1**).
- b) The Current Economic Conditions (CEC) index declined by 1.5 points to 30.9 and the Expected Economic Conditions (EEC) index by 2.8 points to 37.0 in December 2023 over the previous wave (**Table 1**).
- c) The CCI for urban households decreased by 1.7 points to 34.9, whereas for rural households it decreased by 3.7 points to 30.6 in December 2023 over the previous wave (**Figure 3**).
- d) CCI of fresh households recorded a decrease of 2.0 points to 33.8 in December 2023. For rotating households, it declined by 2.6 point to 34.3 in December 2023 compared with November 2023 (**Figure 3**).
- e) Consumers' Inflation Expectations increased by 4.7 points to 71.6 in December 2023 as compared to the last wave of the survey (**Figure 6**).



Note: Please see Annexure for the methodology of computation and interpretation of Diffusion Index (DI)

Table 1: Consumer Indices-Diffusion

Month	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	% change (Dec-23)
CCI	28.9	34.8	36.7	35.8	33.4	26.2	32.8	36.1	33.9	-6.0
CEC	26.2	32.5	33.8	33.4	32.4	25.4	30.6	32.4	30.9	-4.7
EEC	31.7	37.1	39.6	38.1	34.5	27.1	35.0	39.8	37.0	-7.0

*Consumer Confidence Survey (CCS) is a stratified random telephonic survey of households across Pakistan. The survey was launched in 2012 with a bi-monthly frequency. From Jan-2023, the frequency of the survey is increased to monthly. This survey is conducted by the State Bank of Pakistan (SBP) and the Institute of Business Administration (IBA), Karachi. The results of these surveys are disseminated for general information only. These are opinions of households and may not be considered either as views of or as an endorsement by SBP.

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

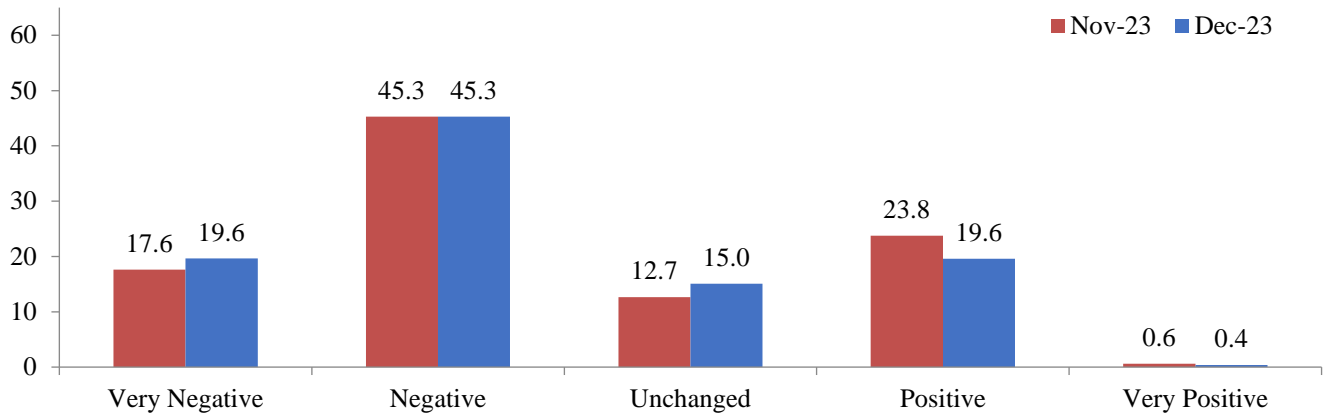


Figure 3: Decomposition of Consumer Confidence Index

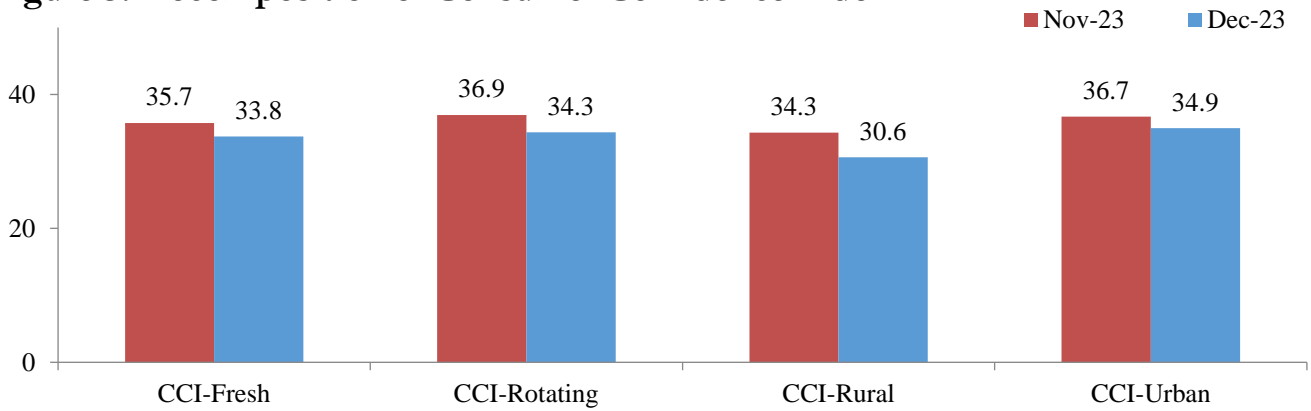


Figure 4: Current Economic Conditions - Distribution of Responses (%)

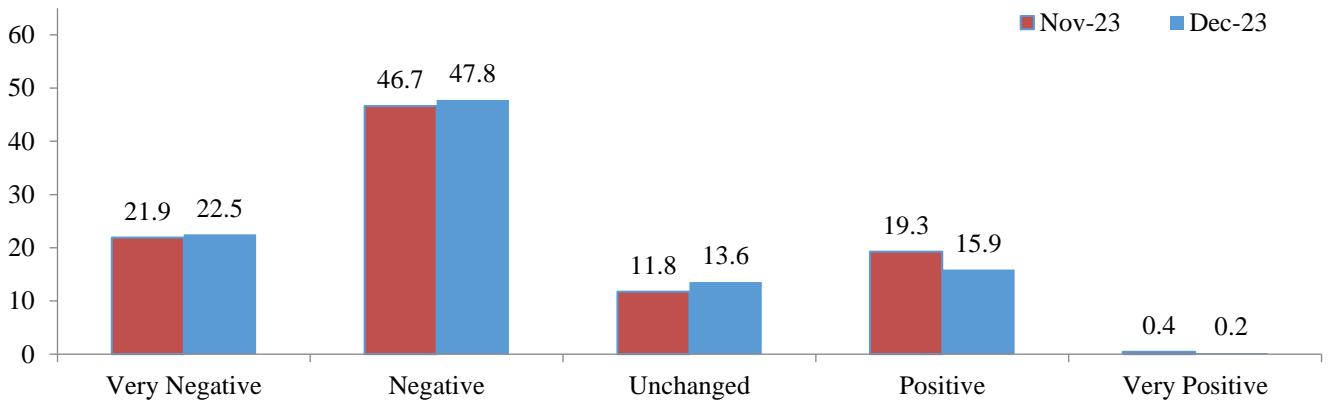


Figure 5: Expected Economic Conditions - Distribution of Responses (%)

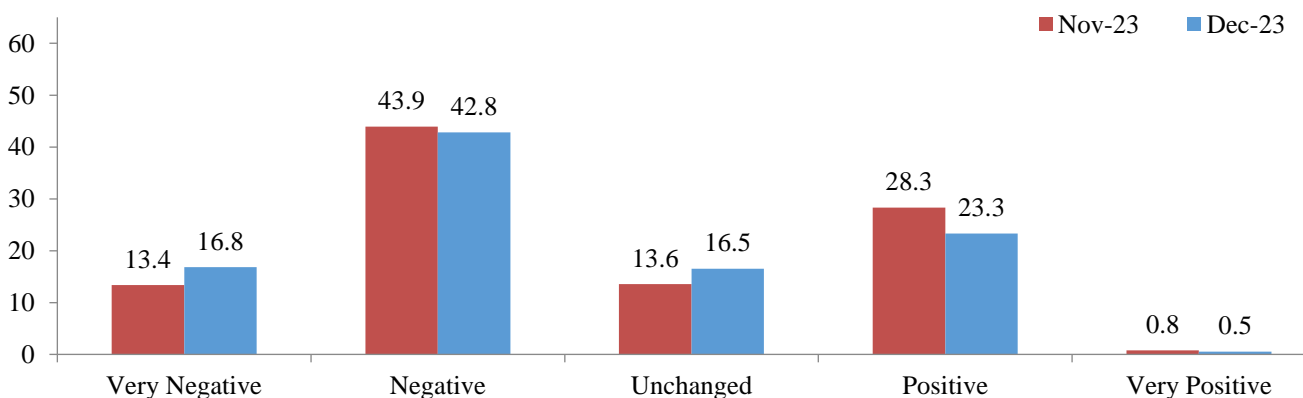


Table 2: Inflation Expectations by Group

Diffusion Index	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	% change (Dec-23)
Overall	77.5	75.1	71.3	73.1	75.2	78.0	73.3	66.9	71.6	7.0
Food Inflation	77.1	75.2	71.6	72.3	74.9	79.6	75.6	67.8	72.2	6.5
Energy Inflation	77.7	75.5	72.2	73.0	75.3	80.3	76.3	69.6	73.2	5.2
NFNE Inflation	77.9	75.1	71.9	72.8	74.9	79.4	76.4	68.7	72.4	5.4

Figure 6: Inflation Expectations Index

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

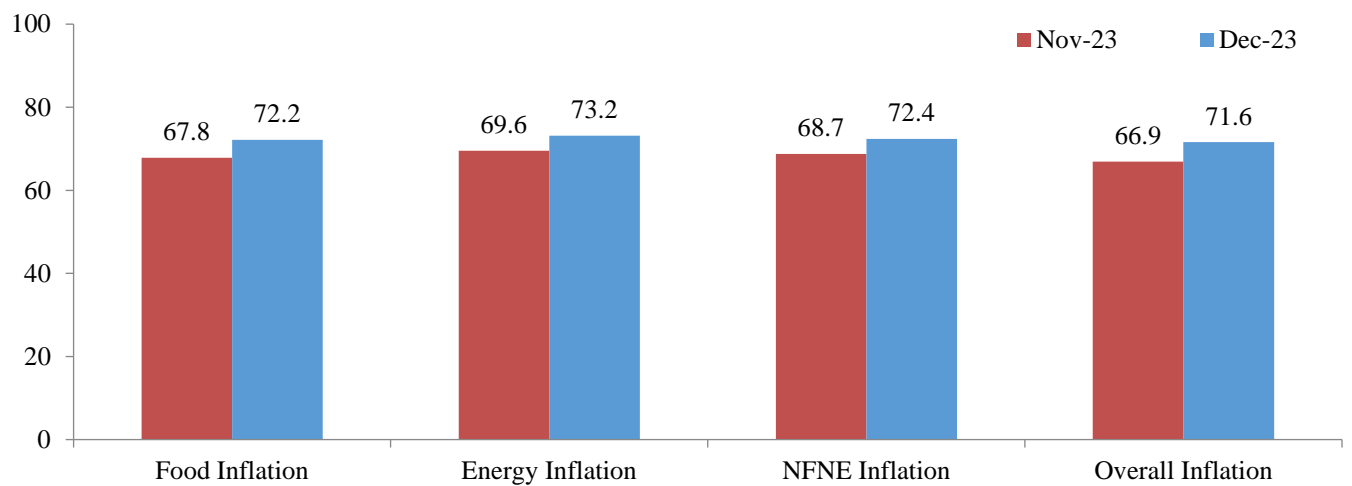


Figure 7: Overall Inflation - Distribution of Responses (%)

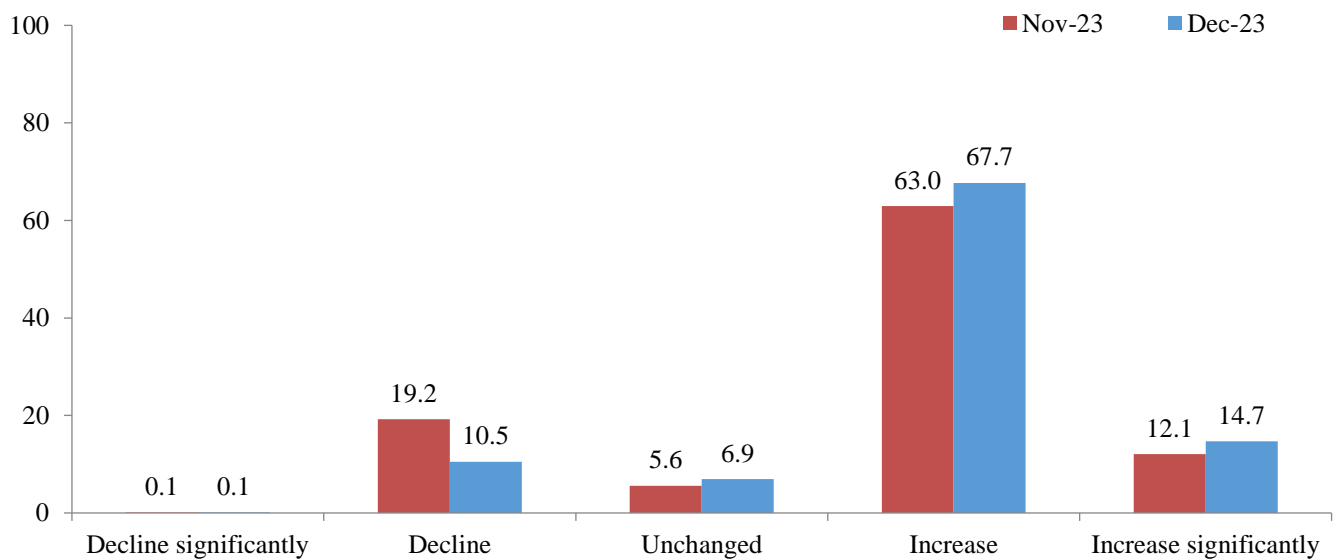


Figure 8: Inflation Expectations Index

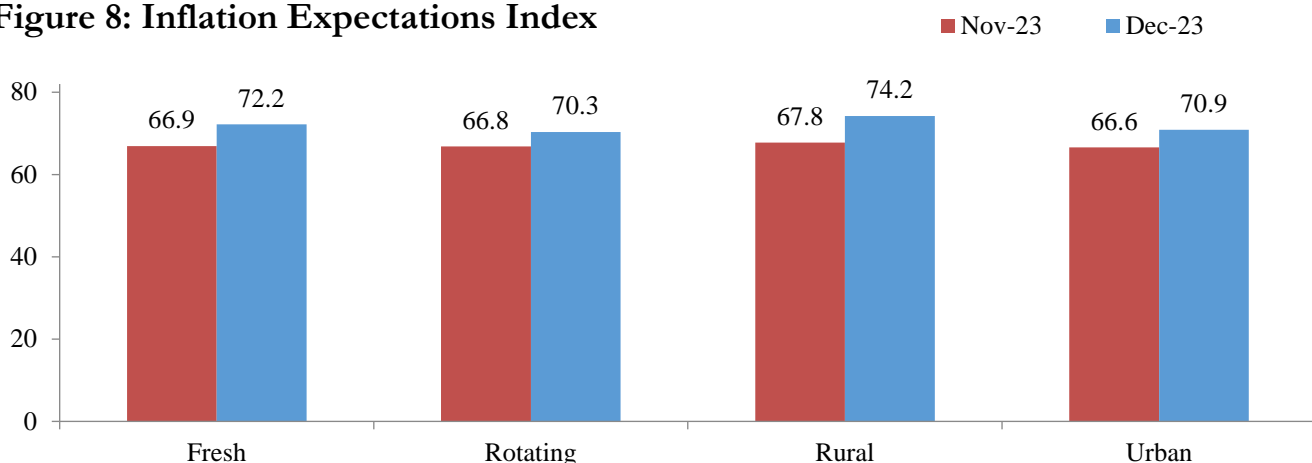
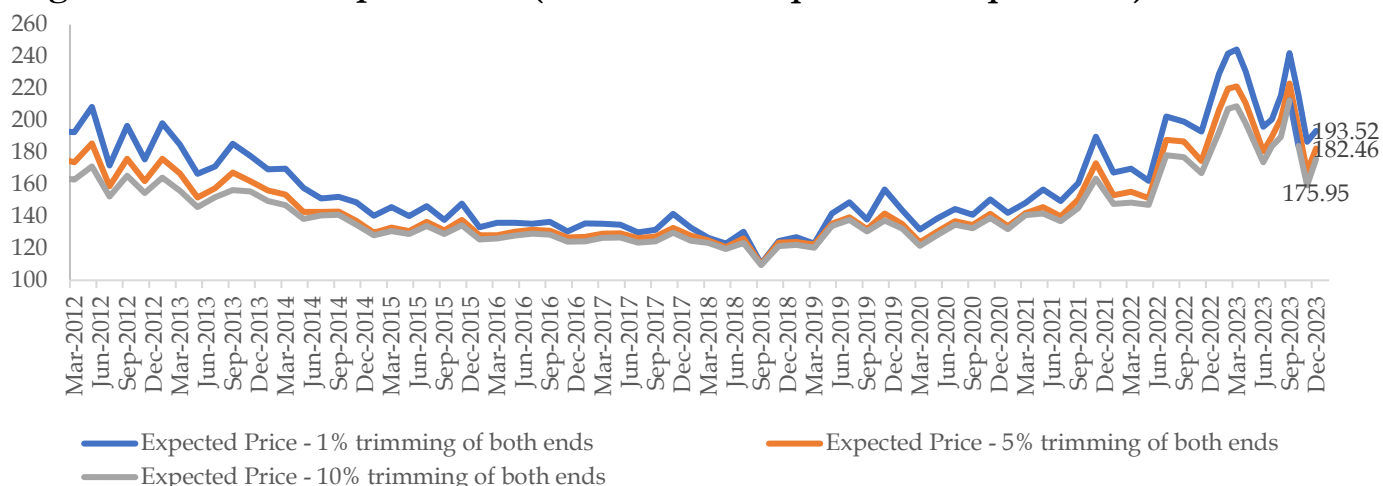


Figure 9: Inflation Expectations (on the basis of quantitative question*)



* quantitative question: جو چیزیں آج 100 روپے کی مل رہی ہیں وہی چیزیں اگلے چھ ماہ میں کتنے کی ملیں گی؟

Table 3: Other Highlights

Diffusion Index	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	% change (Dec-23)
Unemployment in next six months	71.4	73.4	74.5	77.6	75.4	68.0	72.1	6.1
Interest rate in next six months	71.4	73.5	73.0	76.4	73.9	66.1	68.3	3.3
Income a year later	54.6	55.2	56.1	53.3	51.8	53.4	55.6	4.1
Suitability of time in the next six months to purchase durable items	31.1	31.5	30.8	24.7	28.6	30.8	27.6	-10.5
Suitability of time in the next six months to purchase a vehicle	30.0	30.5	30.5	24.5	27.3	30.1	27.2	-9.7
Suitability of current time for purchasing a house	29.1	31.7	32.3	26.2	27.3	25.6	25.0	-2.5
Outlook for better financial conditions of households in next six months	47.7	46.6	41.2	31.5	42.3	46.1	43.0	-6.6

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 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 (March 2016); The joint harmonised EU programme of business and consumer surveys: User Guide; https://ec.europa.eu/economy_finance/db_indicators/surveys/documents/bcs_user_guide_en.pdf