Consumer Confidence Survey February 2023 (68th Wave)

Consumer Confidence Survey (CCS) is a stratified random telephonic survey of households across Pakistan. The survey was launched in January 2012 with a bi-monthly frequency. From January 2023, the frequency of the survey is changed to monthly. This survey is conducted by the State Bank of Pakistan (SBP) and the Institute of Business Administration (IBA) Karachi. The current wave of the survey was conducted during 1st – 10th February 2023. A total of 1,610 households were surveyed in this wave.

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 February 2023 survey are summarized below:

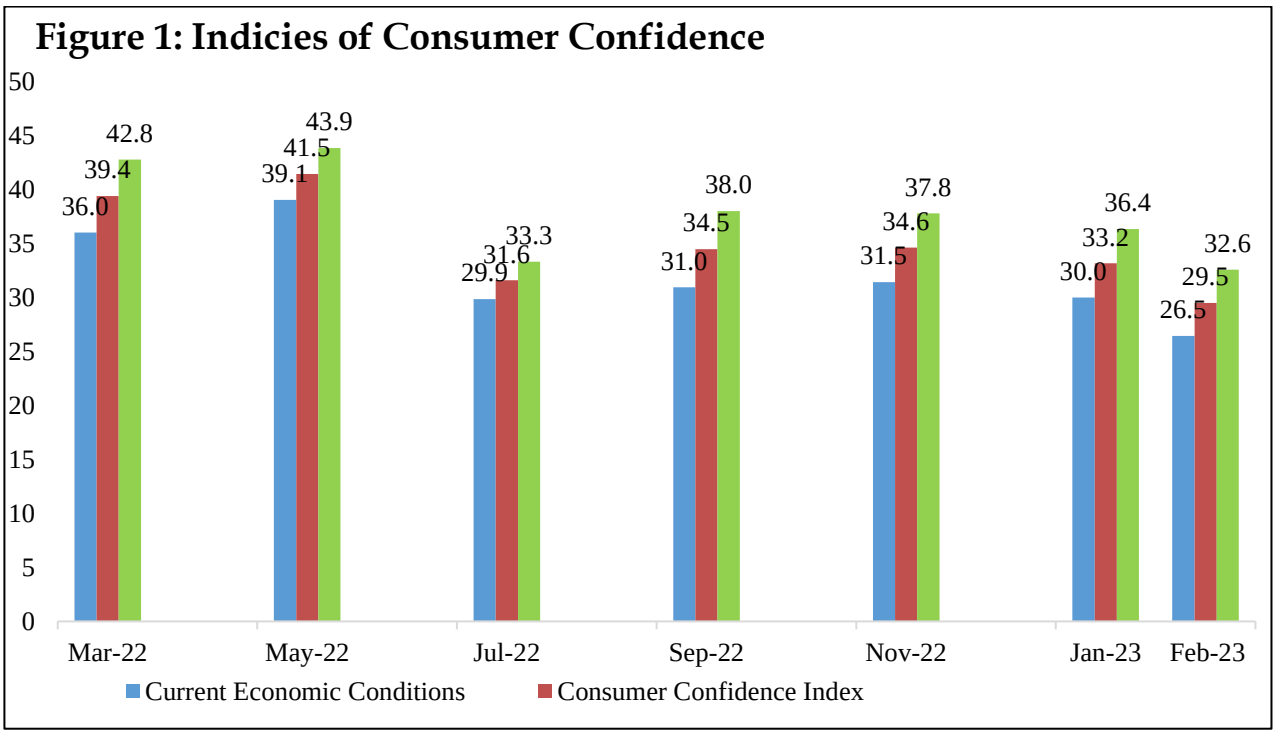
a) Overall Consumer Confidence Index (CCI) decreased by 11.1% to 29.5 in February 2023, the lowest since May 2012 when it was recorded at 28.8;

b) While the Current Economic Conditions (CEC) decreased by 11.9% to 26.5 in current wave, the Expected Economic Conditions (EEC) decreased by 10.4% to 32.6 in February 2023 (**see Table 1**);

c) The CCI of urban households decreased significantly by 14.7% in February 2023 over the last wave. For rural households, however, the decline in CCI was marginal at 0.16% in February 2023 over January 2023 (**Figure 7**);

d) CCI of fresh households saw a decline of 11%, whereas for rotating households, the decrease was 13.1% in February 2023 compared with January 2023.

e) Consumers' Inflation Expectations increased by 5.8% in February 2023 on top of 5.15 rise in Jan 2023 (**Figure 5**).



Diffusion Index (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

Table 1: Consumer Indices - Diffusion

Month	Mar-22	May-22	Jul-22	Sep-22	Nov-22	Jan-23	Feb-23	% Change (Feb-23)
CEC	36.0	39.1	29.9	31.0	31.5	30.0	26.5	**-11.9**
CCI	39.4	41.5	31.6	34.5	34.6	33.2	29.5	**-11.1**
EEC	42.8	43.9	33.3	38.0	37.8	36.4	32.6	**-10.4**

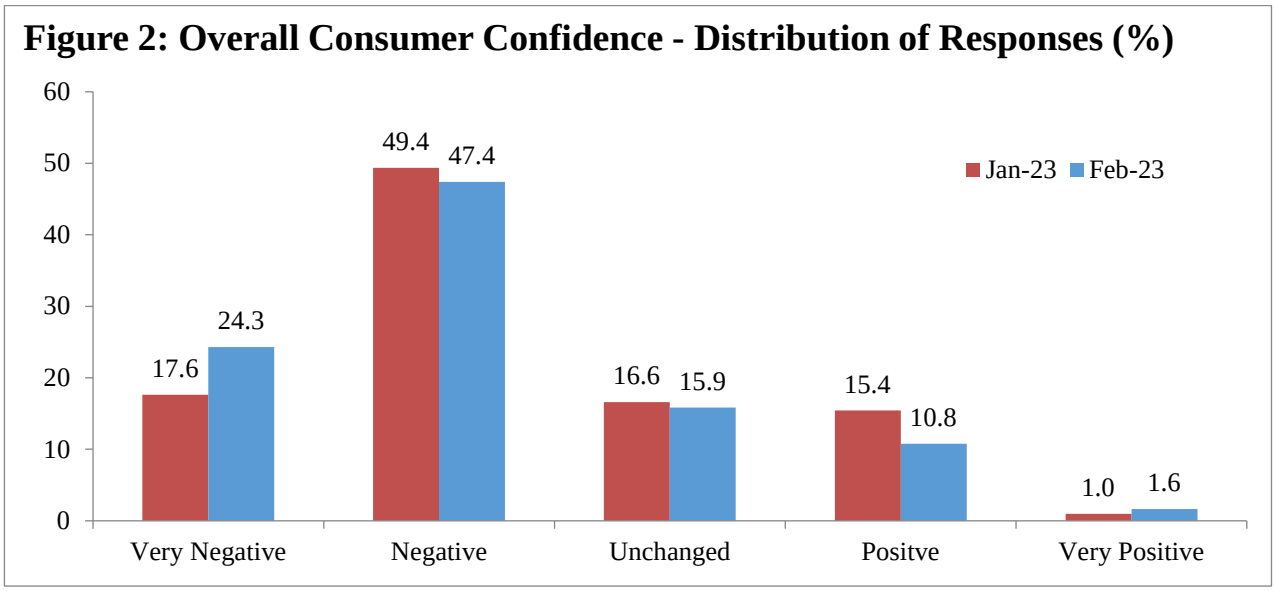


Table 2: Inflation Expectations by Group

Diffusion Index	Mar-22	May-22	Jul-22	Sep-22	Nov-22	Jan-23	Feb-23	% Change (Feb-23)
Overall	72.9	70.9	76.2	75.3	72.1	75.8	80.2	**5.8**
Food Inflation	71.2	69.3	75.3	73.6	71.2	76.2	79.9	**4.9**
Energy Inflation	71.6	70.2	75.8	73.7	71.5	76.6	80.3	**4.9**
NFNE Inflation	71.0	70.1	75.7	73.7	72.1	76.4	80.3	**5.2**

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

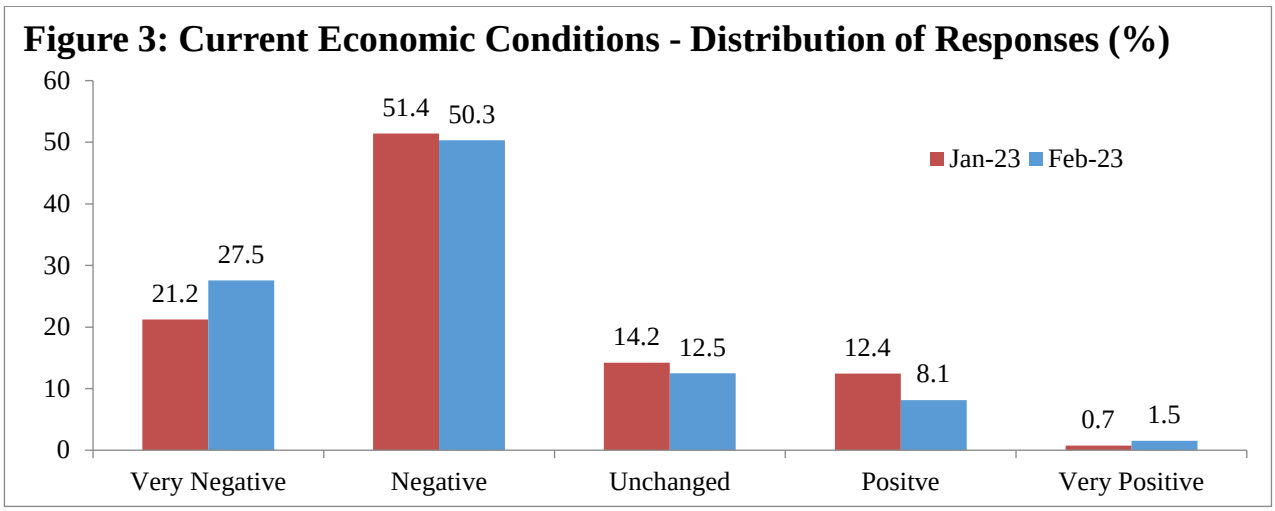


Figure 4: Expected Economic Conditions - Distribution of Responses (%)

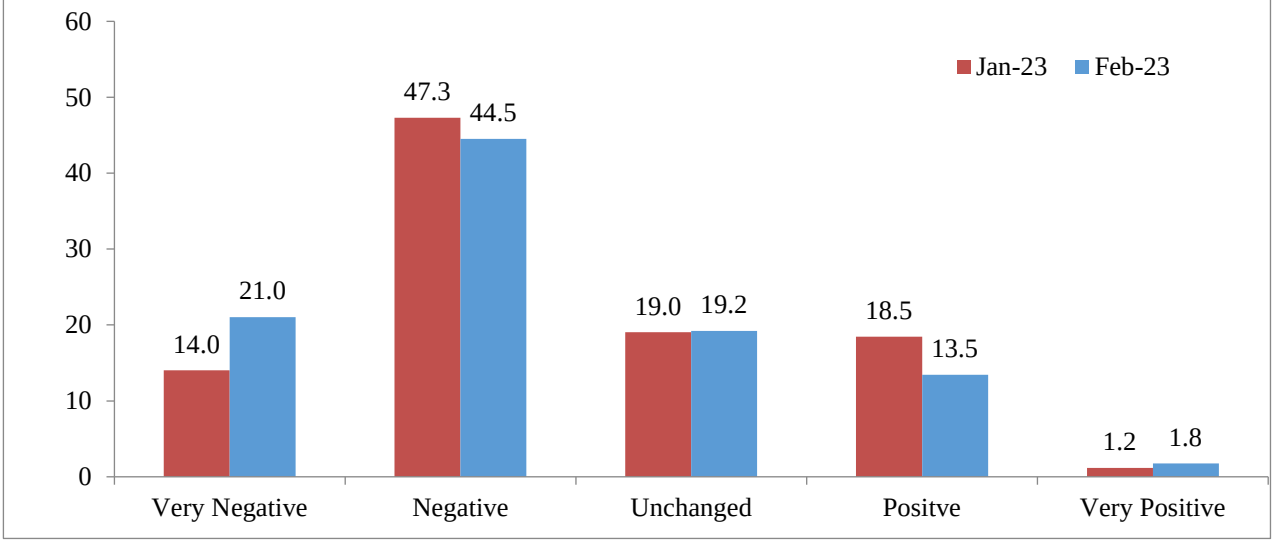


Figure 5: Inflation Expectations Index

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

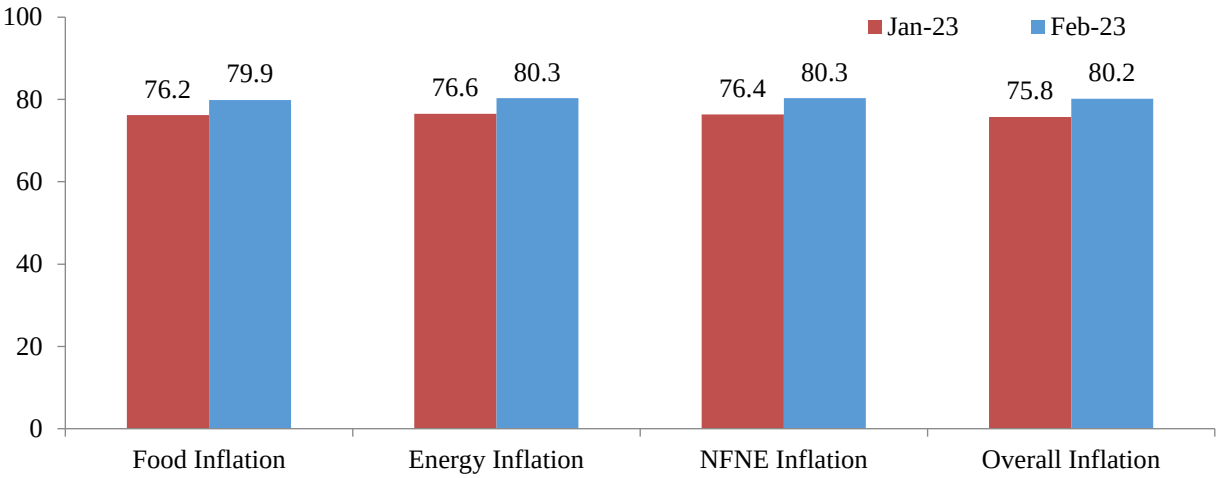


Figure 6: Overall Inflation - Distribution of Responses (%)

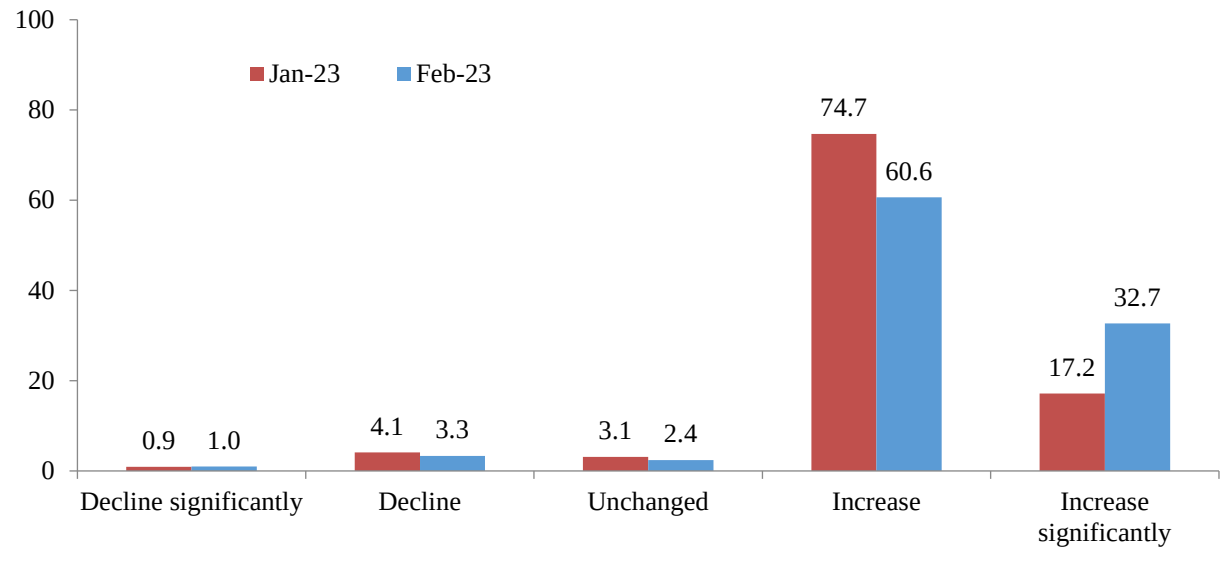


Figure 7: Decomposition of Consumer Confidence Index

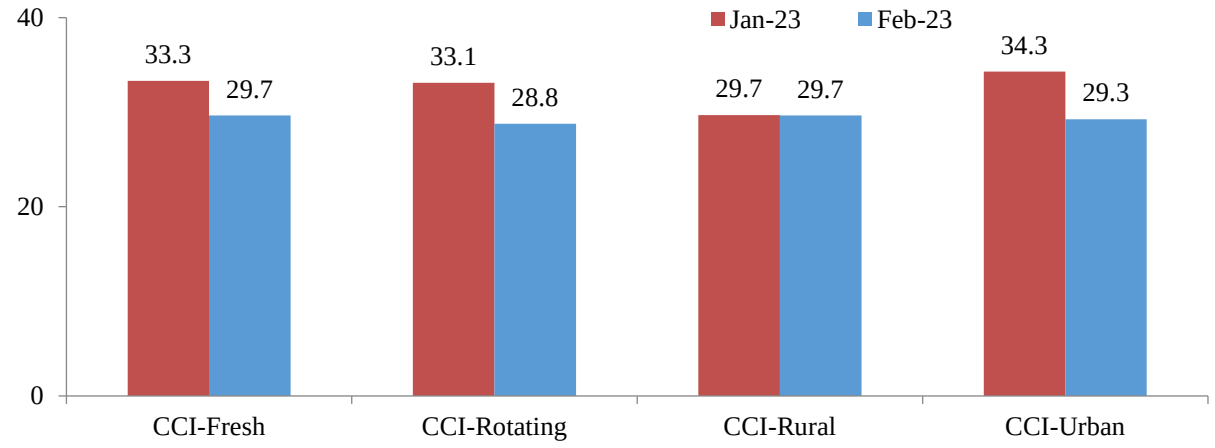


Figure 8: Inflation Expectations Index

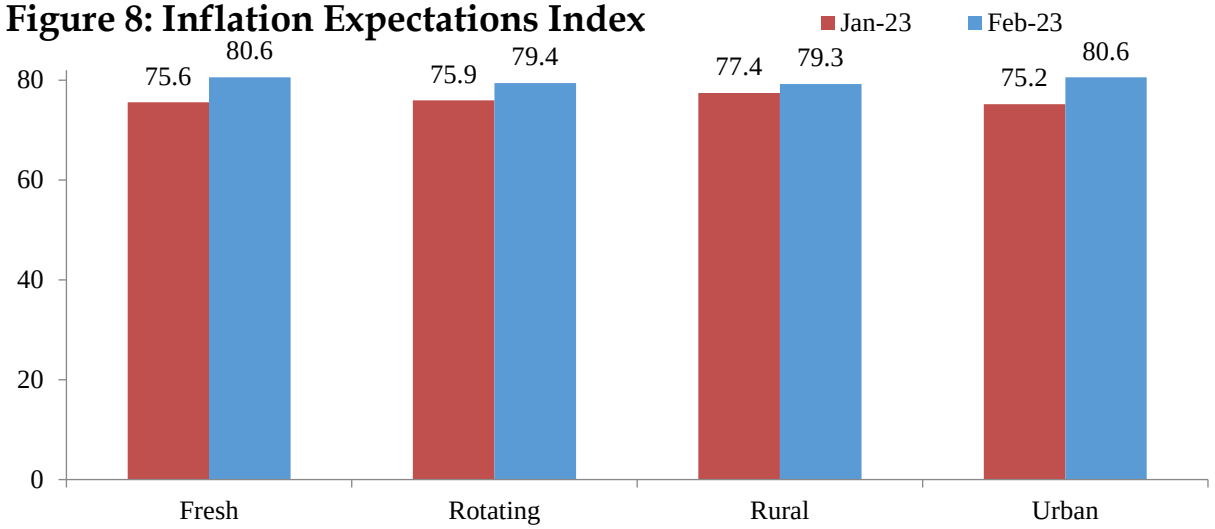
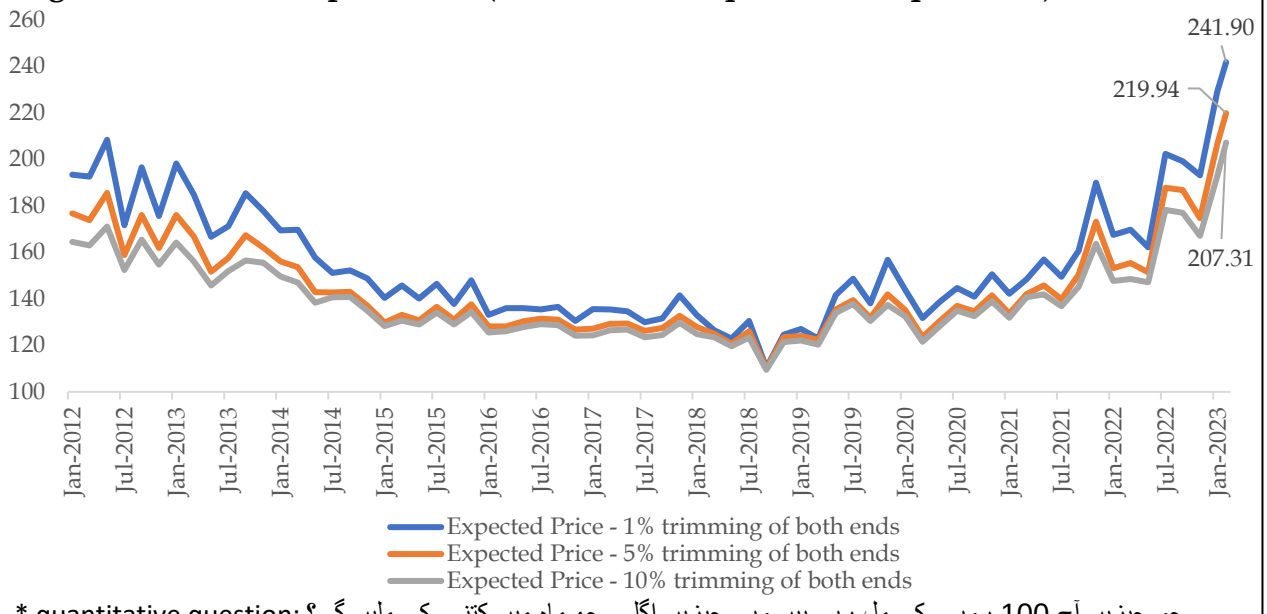


Figure 9: Inflation Expectations (on the basis of quantitative question*)



* 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	Nov-22	Jan-23	Feb-23	% change (Feb-23)
Unemployment in next six months	70.6	73.6	78.0	**6.0**
Interest rate in next six months	67.5	72.5	78.7	**8.5**
Income a year later	51.3	52.4	53.0	**1.2**
Suitability of time in the next six months to purchase durable items	29.0	27.9	26.0	**-6.9**
Suitability of time in the next six months to purchase a vehicle	29.1	28.5	26.4	**-7.2**
Suitability of current time for purchasing a	28.1	27.9	24.3	**-13.0**
Outlook for better financial conditions of households in next six months	43.8	44.2	39.9	**-9.6**

(Diffusion Index; **DI > 50** implies higher unemployment & interest rate views are more than lower unemployment & interest rate views)

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 خریدنےکےلئےپچھلےچھ ماہ کےمقابلےمیں یہ وقت کیساہے؟
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 کےمقابلےمیں اگلےچھ ماہ کےدوران 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 کےمقابلےمیں اگلےچھ ماہ کےدوران 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/.