

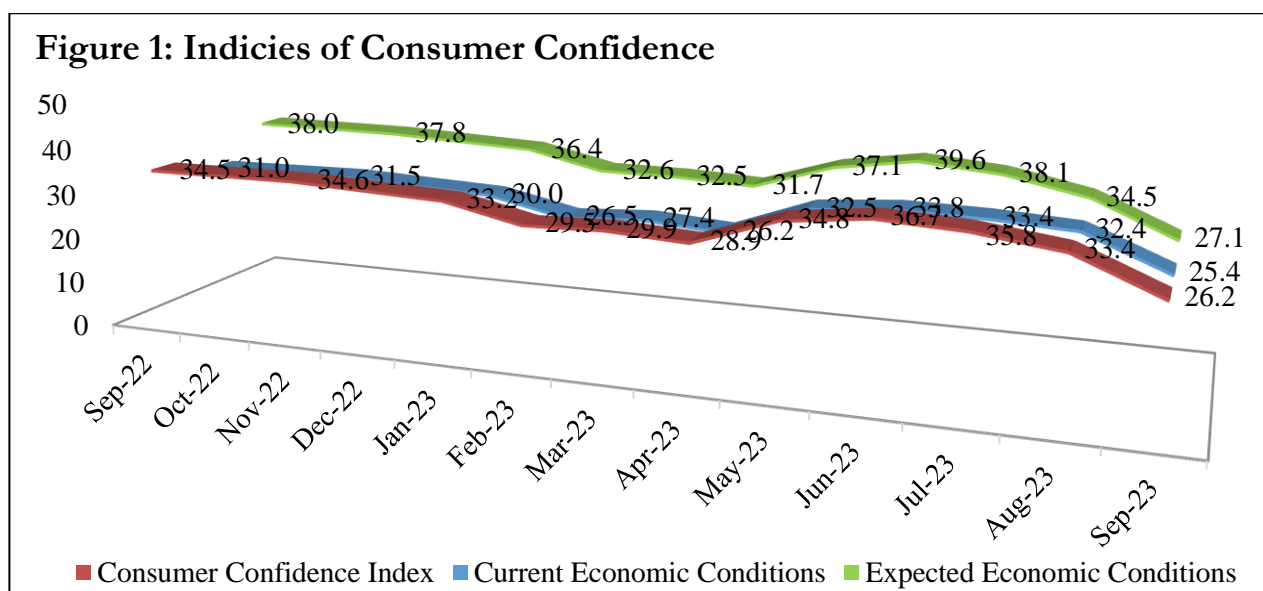
## Consumer Confidence Survey\* - September 2023 (75<sup>th</sup> Wave)

[The current wave of the survey was conducted during September 1- 6, 2023; with 1,727 households surveyed]

### Overview

The main results of September 2023 survey are summarized below:

- a) Overall Consumer Confidence Index (CCI) decreased by 21.5% to 26.2 points in September 2023 over August 2023 – an all-time low since the inception of this survey (**Figure 1**);
- b) The Current Economic Conditions (CEC) index declined by 21.7% to 25.4 and the Expected Economic Conditions (EEC) index dipped by 21.3% to 27.1 in September 2023 over the last wave (**Table 1**);
- c) The CCI for urban households declined by 22% to 26.4 and by 19.9% to 25.9 for rural households in September 2023 over August 2023 (**Figure 3**);
- d) CCI of fresh households recorded a decline of 23.2% to 25.3 in September 2023 and for rotating households, it declined by 18.1% to 28.1 in September 2023 compared with August 2023 (**Figure 3**);
- e) Consumers' Inflation Expectations increased by 3.7% to 78 in September 2023 (**Figure 6**), highest level since April 2023.



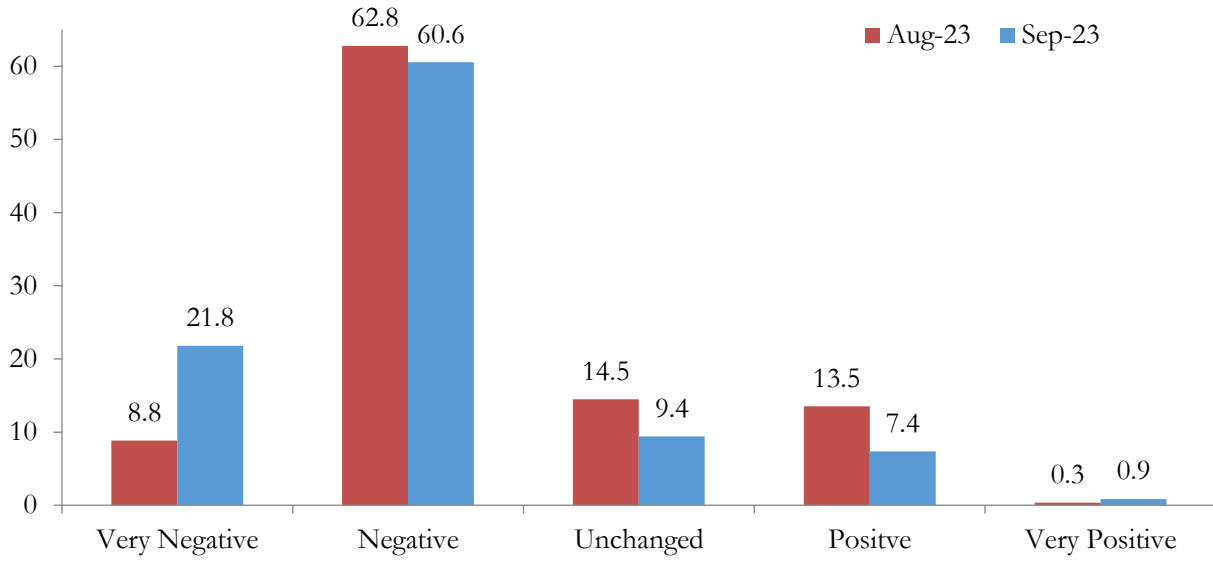
<sup>1</sup> See Annexure for the methodology of computation and interpretation of Diffusion Index (DI)

**Table 1: Consumer Indices – Diffusion**

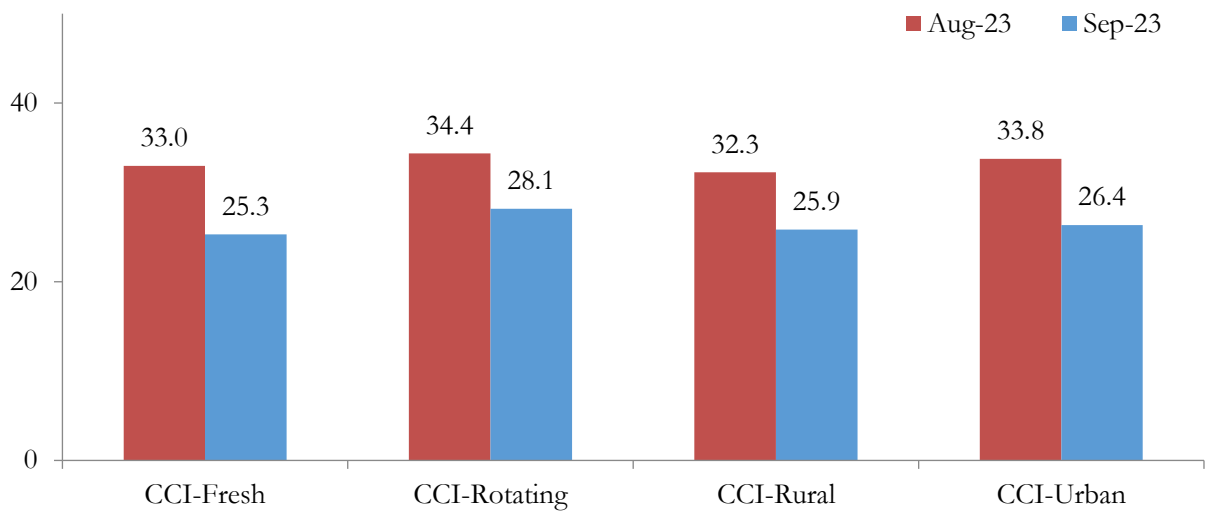
Month	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	% change (Sep-23)
<b>CCI</b>	33.2	29.5	29.9	28.9	34.8	36.7	35.8	33.4	26.2	<b>-21.5</b>
<b>CEC</b>	30.0	26.5	27.4	26.2	32.5	33.8	33.4	32.4	25.4	<b>-21.7</b>
<b>EEC</b>	36.4	32.6	32.5	31.7	37.1	39.6	38.1	34.5	27.1	<b>-21.3</b>

\*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.

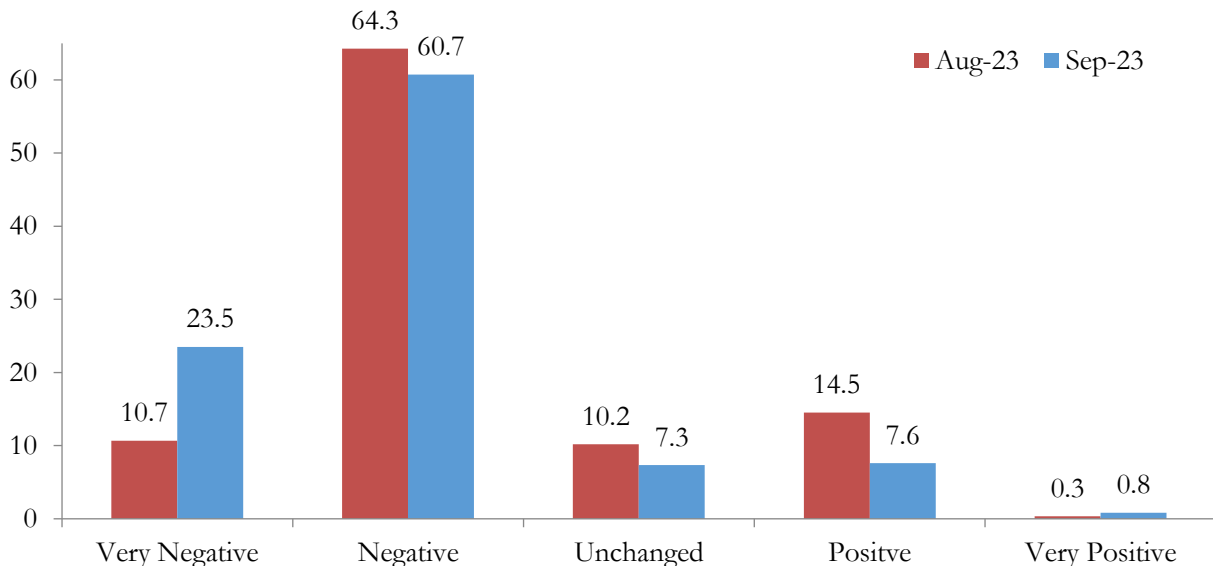
**Figure 2: Overall Consumer Confidence - Distribution of Responses (%)**



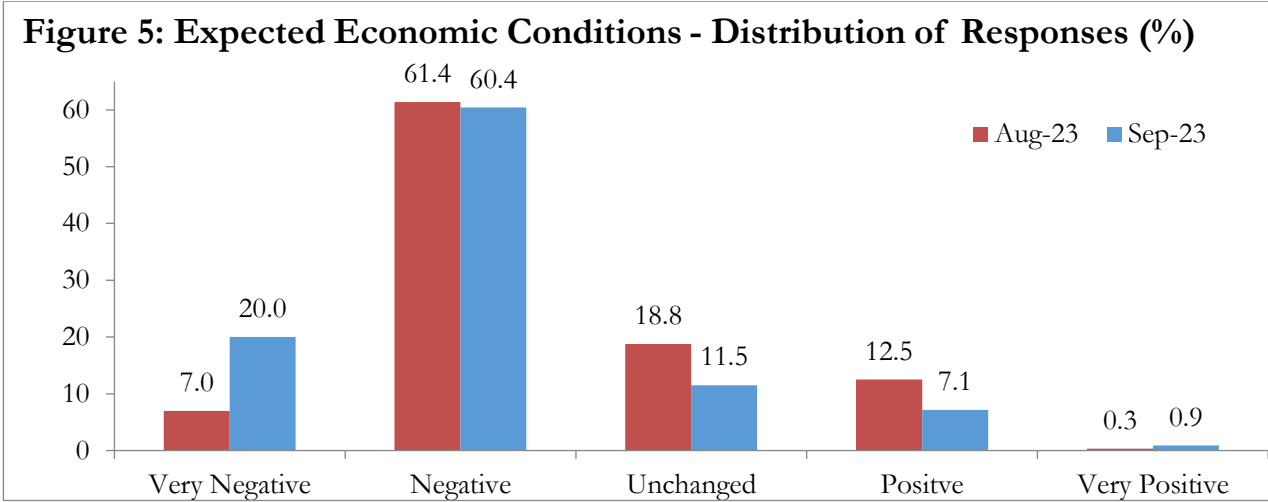
**Figure 3: Decomposition of Consumer Confidence Index**



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



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

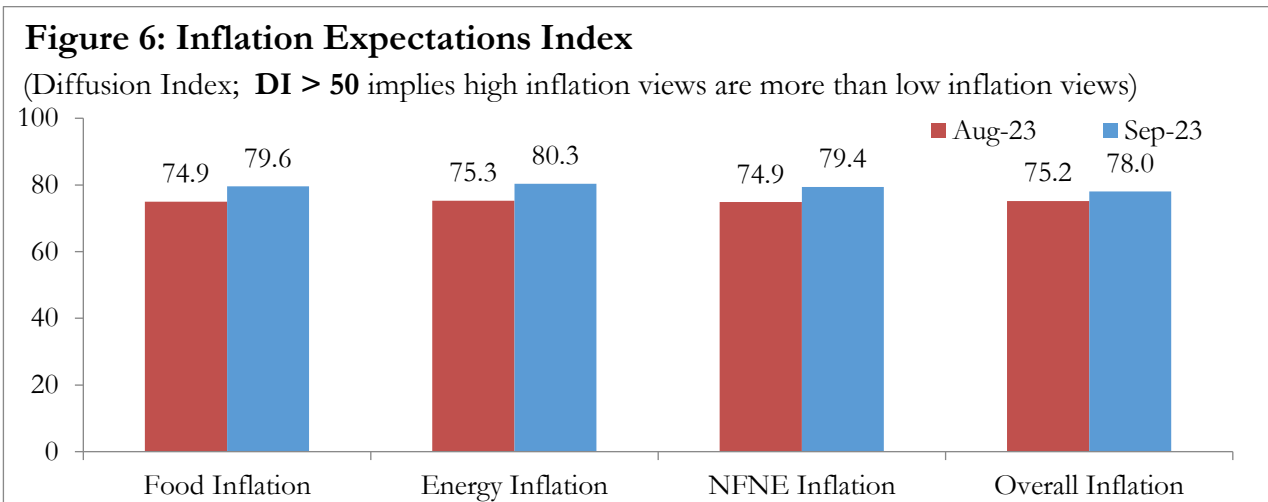


**Table 2: Inflation Expectations by Group**

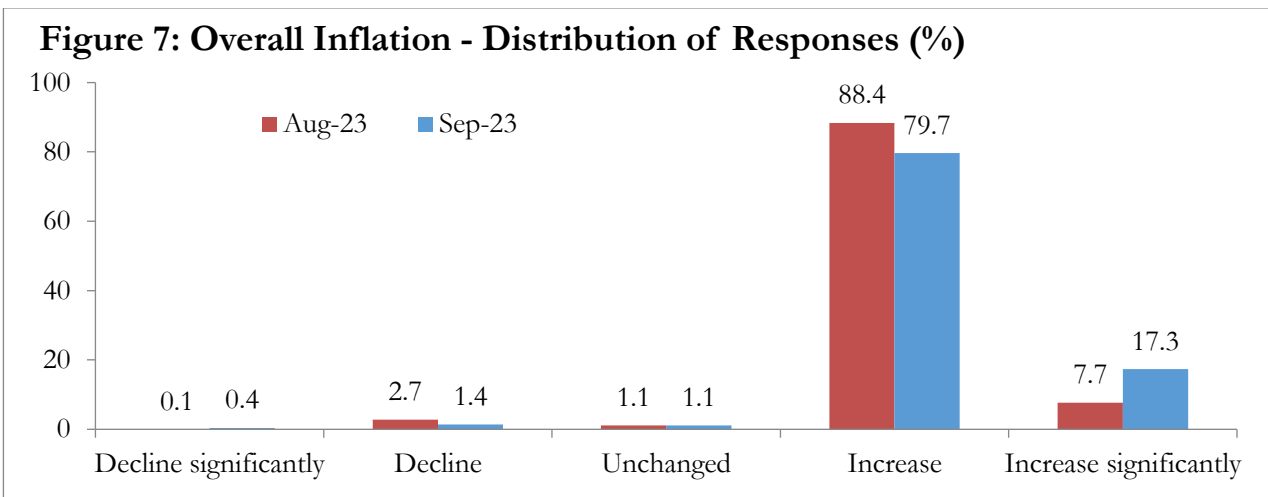
Diffusion Index	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	% change (Sep-23)
<b>Overall</b>	75.8	80.2	78.7	77.5	75.1	71.3	73.1	75.2	78.0	<b>3.7</b>
<b>Food Inflation</b>	76.2	79.9	78.4	77.1	75.2	71.6	72.3	74.9	79.6	<b>6.2</b>
<b>Energy Inflation</b>	76.6	80.3	78.8	77.7	75.5	72.2	73.0	75.3	80.3	<b>6.7</b>
<b>NFNE Inflation</b>	76.4	80.3	78.4	77.9	75.1	71.9	72.8	74.9	79.4	<b>6.1</b>

**Figure 6: Inflation Expectations Index**

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



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



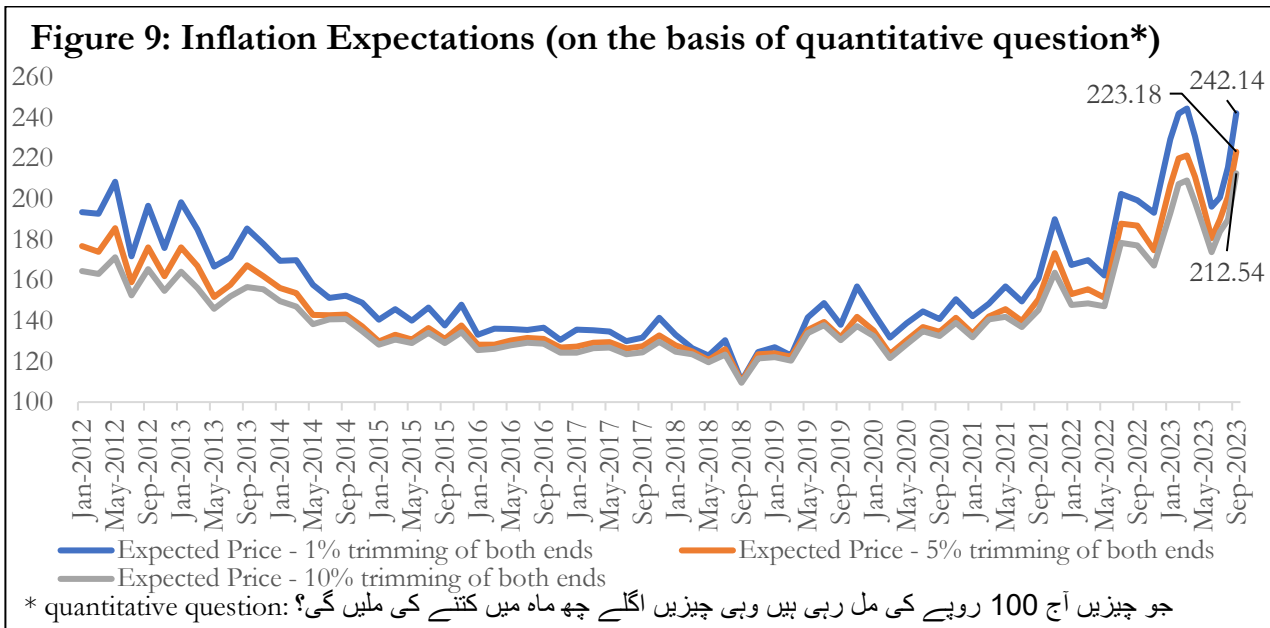
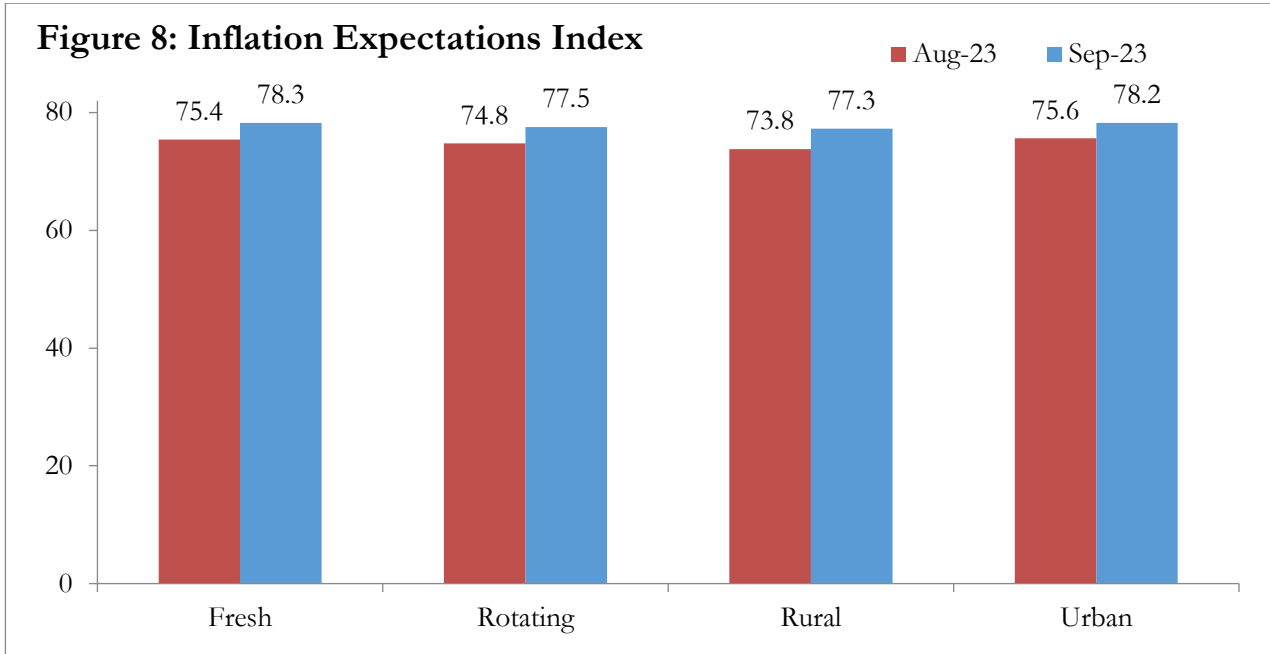


Table 3: Other Highlights

Diffusion Index	Jul-23	Aug-23	Sep-23	% change (Sep-23)
Unemployment in next six months	73.4	74.5	77.6	4.2
Interest rate in next six months	73.5	73.0	76.4	4.7
Income a year later	55.2	56.1	53.3	-4.9
Suitability of time in the next six months to purchase durable items	31.5	30.8	24.7	-19.8
Suitability of time in the next six months to purchase a vehicle	30.5	30.5	24.5	-19.7
Suitability of current time for purchasing a house	31.7	32.3	26.2	-18.9
Outlook for better financial conditions of households in next six months	46.6	41.2	31.5	-23.5

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](https://ec.europa.eu/economy_finance/db_indicators/surveys/documents/bcs_user_guide_en.pdf)