

Consumer Confidence Survey* - March 2024 (81st Wave)

[The current wave of the survey was conducted on March 1 -8, 2024; with 1,593 households surveyed]

Overview

The main results of March 2024 survey are summarized below:

- a) The Consumer Confidence Index (CCI) improved by 1.9 points to 33.6 in March 2024 over the previous wave (February 2024) (**Figure 1 & Table 1**).
- b) The Current Economic Conditions (CEC) index improved by 2.9 points to 30.9 and the Expected Economic Conditions (EEC) index by 0.9 points to 36.4 in March 2024 over the previous wave (**Table 1**).
- c) The CCI for urban households increased slightly by 0.1 point to 32.9, whereas for rural households, it improved significantly by 8.2 points to 36.0 in March 2024 over the previous survey (**Figure 3**).
- d) The CCI of fresh households recorded an increase of 2.8 points to 34.7 in March 2024. For rotating households, it increased slightly by 0.2 point to 31.5 in March 2024 compared with February 2024 (**Figure 3**).
- e) Consumers' Inflation Expectations increased by 0.5 points to 72.7 in March 2024 as compared to the previous wave of the survey (**Figure 6**).

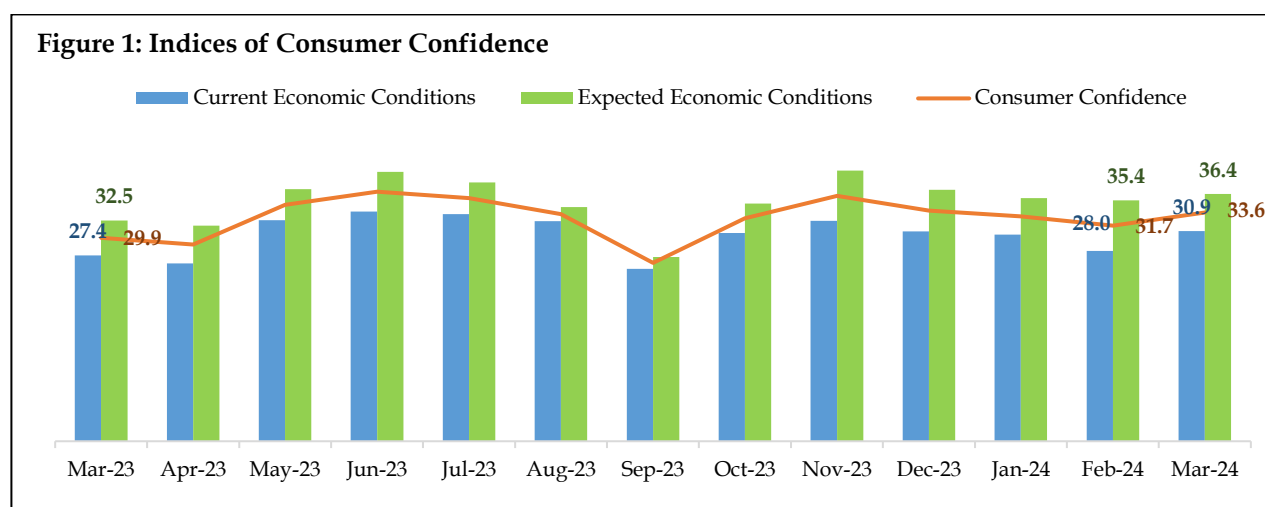


Table 1: Consumer Indices - Diffusion

Month	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	% change (March-24)
CCI	35.8	33.4	26.2	32.8	36.1	33.9	33.1	31.7	33.6	6.1
CEC	33.4	32.4	25.4	30.6	32.4	30.9	30.4	28.0	30.9	10.5
EEC	38.1	34.5	27.1	35.0	39.8	37.0	35.7	35.4	36.4	2.6

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

*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, its frequency was increased to monthly. The survey is conducted by the State Bank of Pakistan (SBP) and the Institute of Business Administration (IBA), Karachi. Its results 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: Consumer Confidence - Distribution of Responses (%)

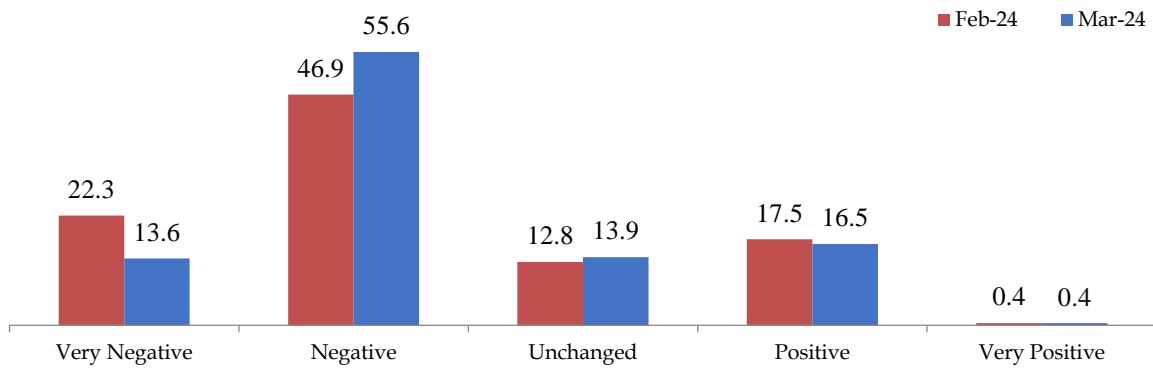


Figure 3: Decomposition of Consumer Confidence Index

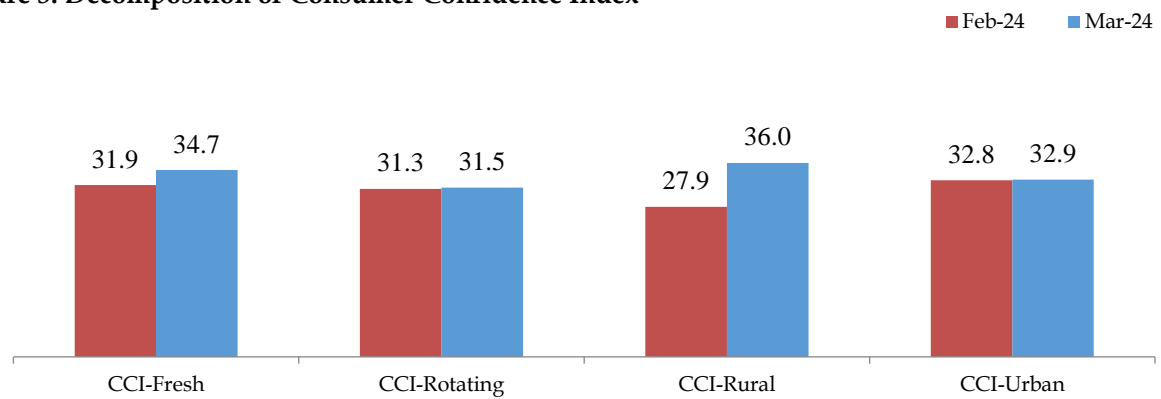


Figure 4: Current Economic Conditions - Distribution of Responses (%)

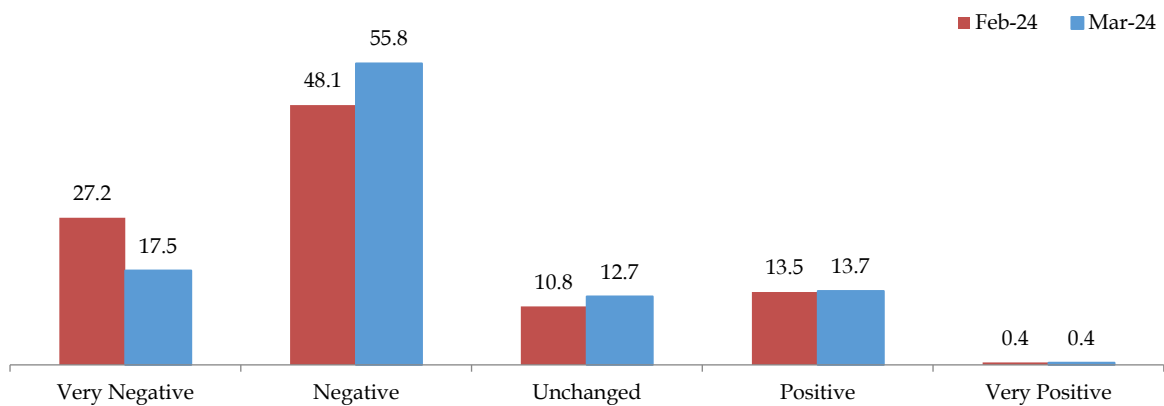


Figure 5: Expected Economic Conditions - Distribution of Responses (%)

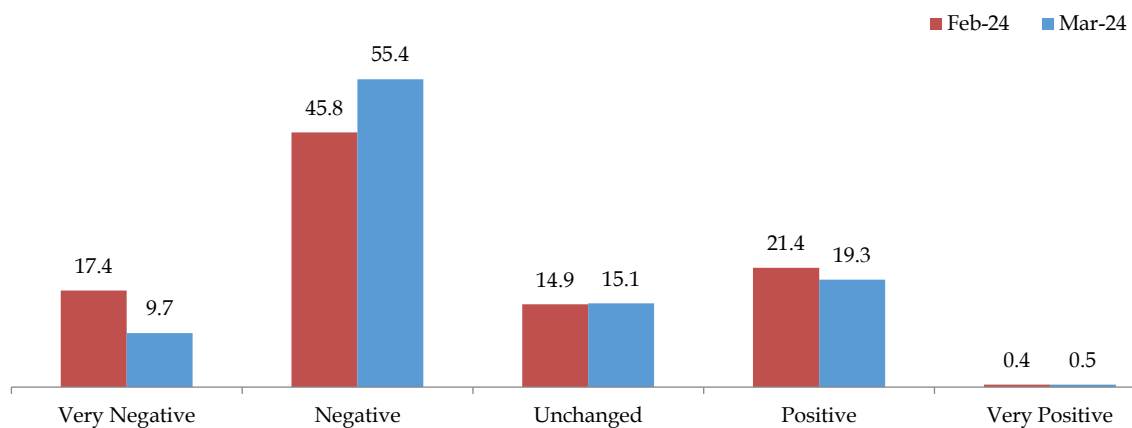


Table 2: Inflation Expectations by Group

Diffusion Index	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	% change (March-24)
Overall	73.1	75.2	78.0	73.3	66.9	71.6	73.3	72.3	72.7	0.6
Food Inflation	72.3	74.9	79.6	75.6	67.8	72.2	74.3	74.5	73.4	-1.5
Energy Inflation	73.0	75.3	80.3	76.3	69.6	73.2	74.7	75.9	73.5	-3.1
NFNE Inflation	72.8	74.9	79.4	76.4	68.7	72.4	74.1	75.3	73.7	-2.1

Figure 6: Inflation Expectations Index

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

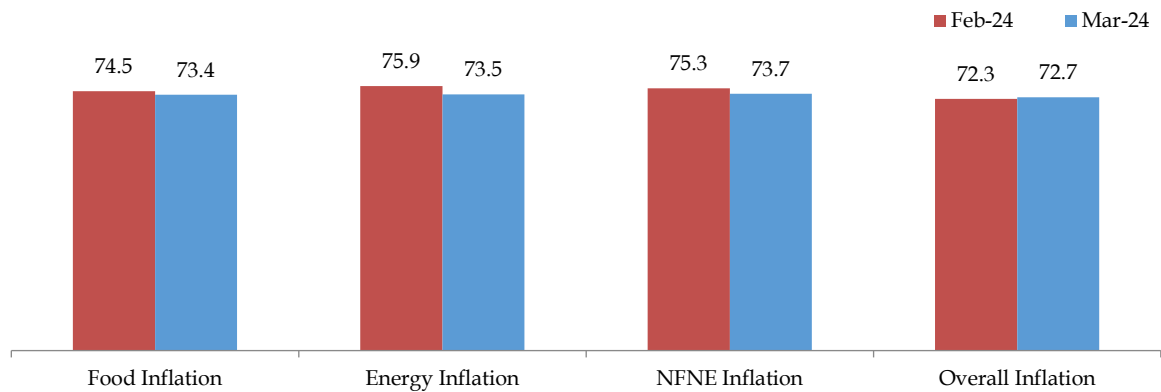
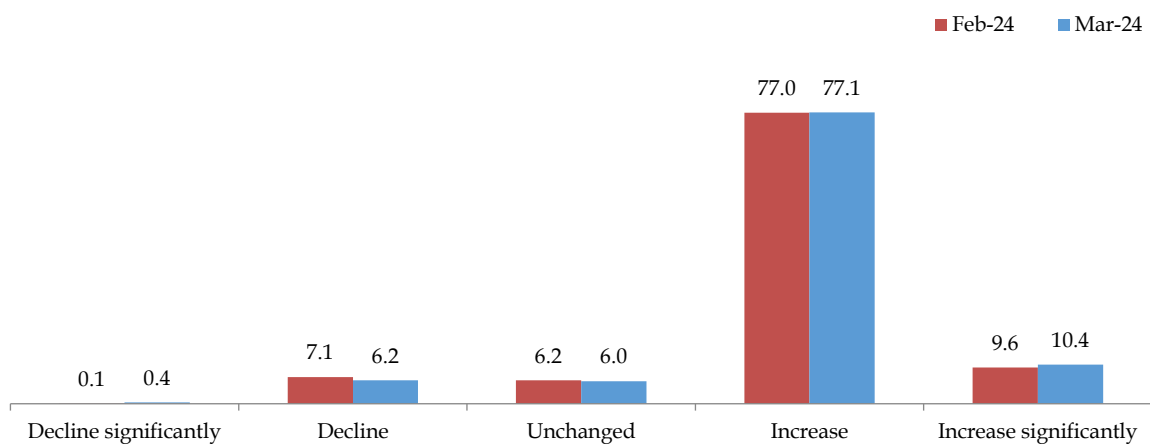


Figure 7: Overall Inflation - Distribution of Responses (%)



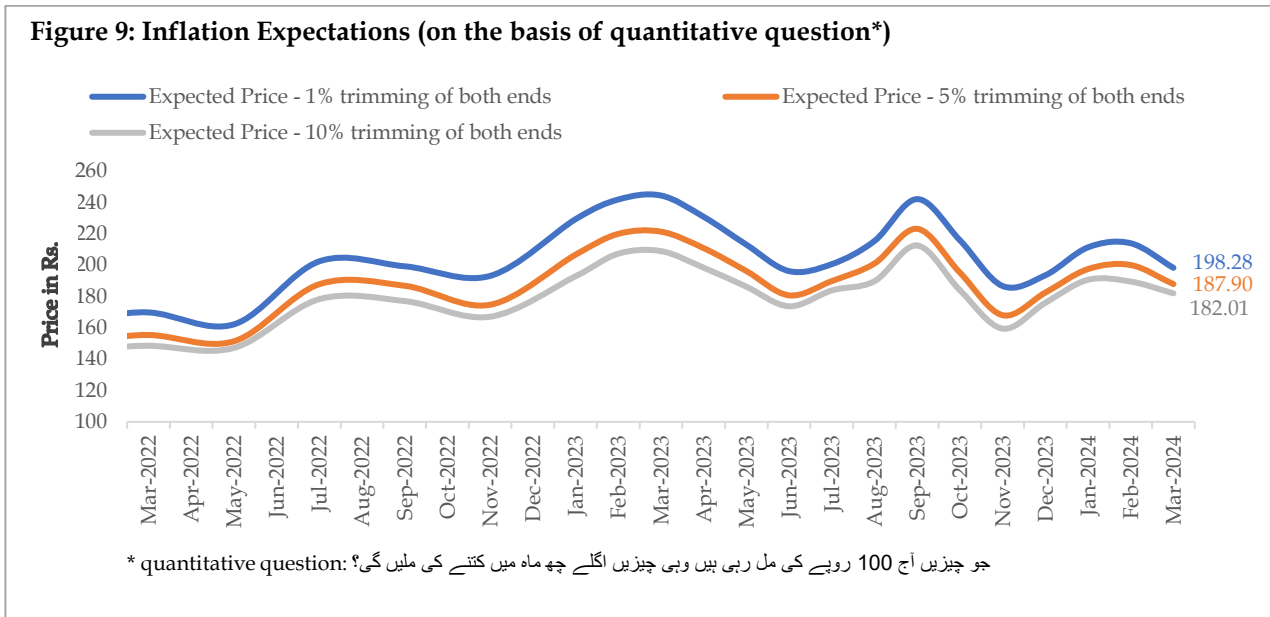
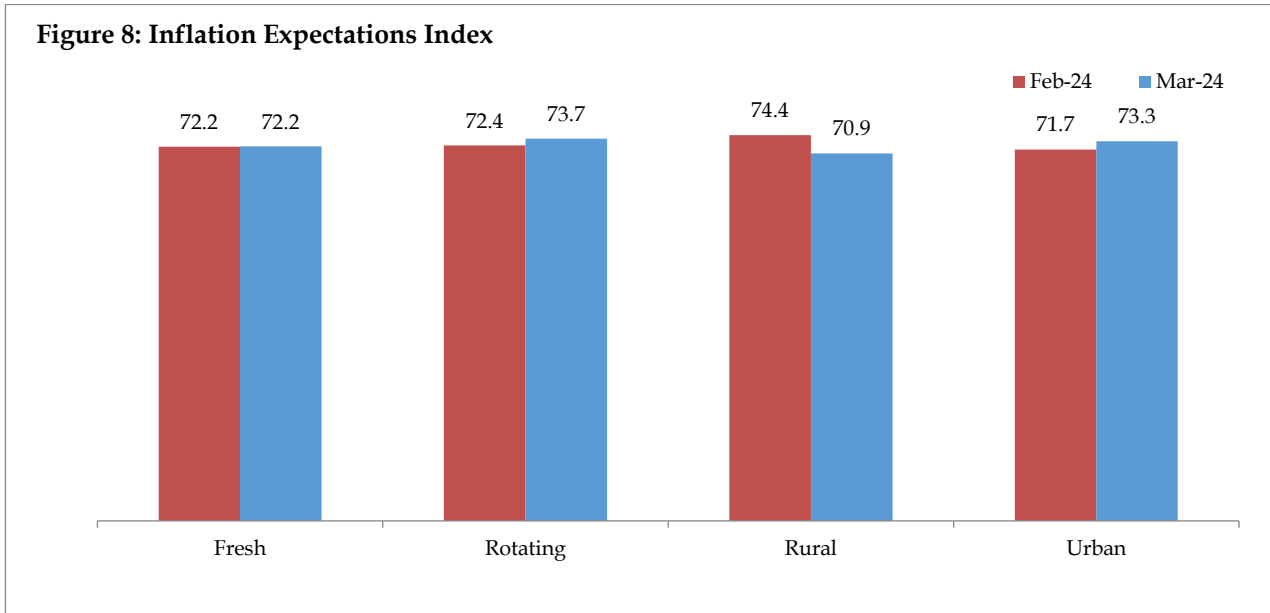


Table 3: Other Highlights

Diffusion Index	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	% change (March-24)
Unemployment in next six months	77.6	75.4	68.0	72.1	74.0	72.8	71.5	-1.7
Interest rate in next six months	76.4	73.9	66.1	68.3	69.3	69.6	69.3	-0.5
Income a year later	53.3	51.8	53.4	55.6	52.7	53.6	51.5	-4.0
Suitability of time in the next six months to purchase durable items	24.7	28.6	30.8	27.6	25.8	24.0	27.8	15.8
Suitability of time in the next six months to purchase a vehicle	24.5	27.3	30.1	27.2	25.6	24.1	27.8	15.4
Suitability of current time for purchasing a house	26.2	27.3	25.6	25.0	26.4	24.0	27.7	15.7
Outlook for better financial conditions of households in next six months	31.5	42.3	46.1	43.0	42.3	41.7	42.5	1.8

For detailed 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?

Similarly, the diffusion indices of Food, Energy and NFNE inflation are computed using questions A8, A10 and A12 respectively.

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.

Note: The result of overall inflation is not derived from sub components and is computed independently from a separate question.

**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