

# Consumer Survey

2013, October

## Consumers fear that unemployment will increase

Consumers' confidence in the economy has weakened slightly. The consumer confidence indicator stood at 3.8 in October, having been 6.3 in September and 5.0 in August. In October, confidence in the economy was higher than one year ago (-1.6) but clearly below the long-term average (12.3). The data are based on Statistics Finland's Consumer Survey, for which 1,489 people resident in Finland were interviewed between 1 and 18 October.

### Consumer confidence indicator (CCI)



1) average 10/1995 - 10/2013

Consumers were in October still pessimistic about the future of Finland's economy and particularly about the development of unemployment. Estimates about unemployment weakened from September. Consumers' views concerning their own economy were still cautious in October, even though they improved somewhat. On the other hand, consumers were still confident about their households' saving possibilities, but not quite as much as earlier.

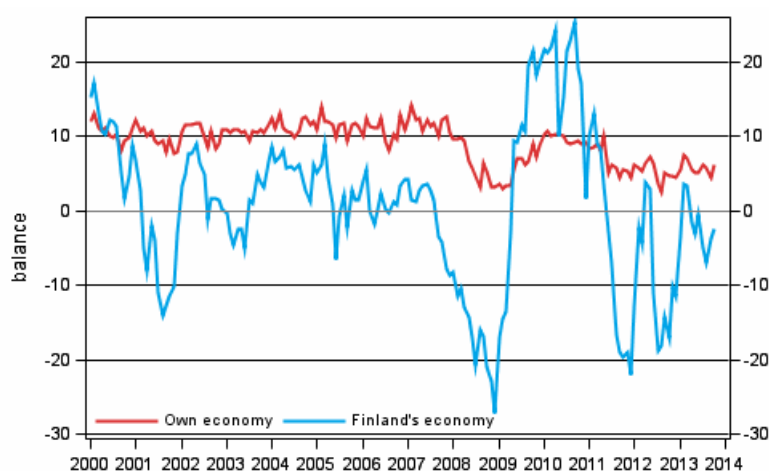
October was not regarded as a favourable time for taking out a loan and particularly not for buying durable goods. The personal threat of unemployment experienced by employed persons was slightly higher in October than in previous months.

## Consumers' own and Finland's economy

In October, 30 per cent of consumers believed that Finland's economic situation would improve in the coming twelve months, while 31 per cent of them thought that the country's economy would deteriorate. One year ago, the respective proportions were 16 and 44 per cent.

In October, 25 per cent of consumers believed that their own economy would improve and 14 per cent of them feared it would worsen over the year. Both one month and one year earlier, the respective proportions were 22 and 16 per cent.

## Consumers' expectations concerning their own and Finland's economy in 12 months' time



## Unemployment and inflation

Altogether, 12 per cent of consumers thought in October that unemployment would decrease over the year, but clearly over one-half of consumers, or 61 per cent of them, believed it would increase. In September, the respective proportions were 15 and 54 per cent and twelve months ago 8 and 71 per cent.

In October, 10 per cent of employed persons believed that their personal threat of unemployment had lessened over the past few months, whereas 25 per cent thought it had grown. Forty-three per cent of employed persons thought the threat had remained unchanged and 22 per cent felt that they were not threatened by unemployment at all.

Consumers predicted in October that consumer prices would go up by 2.7 per cent over the next 12 months. The long-term predicted average inflation rate is 2.3 per cent.

## Buying of durable goods

In October, 37 per cent of consumers thought the time was favourable for buying durable goods. Sixteen per cent of households were fairly or very certain to buy a car and seven per cent a dwelling during the next 12 months. Nineteen per cent of households were planning to make renovations to their dwelling.

## Saving and taking out a loan

In all, 55 per cent of consumers considered saving worthwhile in October. Sixty-three per cent of households had been able to lay aside some money and 74 per cent believed they would be able to do so during the next 12 months. Households mostly save for a rainy day or for holiday making. The most popular investment targets for savings are fixed-term or investment accounts, followed by investment funds.

In October, 54 per cent of consumers regarded the time good for raising a loan. Twelve months ago the respective proportion was 60 per cent. Thirteen per cent of households were planning to take out a loan within one year.

## Consumers' views of the economy

	Average 10/1995-	Max. 10/1995-	Min. 10/1995-	10/2012	09/2013	10/2013	Outlook
A1 Consumer confidence indicator, CCI = (B2+B4+B7+D2)/4	12,3	22,9	-6,5	-1,6	6,3	3,8	--
B2 Own economy in 12 months' time (balance)	8,6	14,1	2,3	4,6	4,4	6,2	-
B4 Finland's economy in 12 months' time (balance)	3,6	25,3	-27,1	-17,0	-3,6	-2,5	-
B6 Inflation in 12 months' time (per cent)	2,3	4,6	0,6	3,2	2,9	2,7	
B7 Unemployment in Finland in 12 months' time (balance)	-1,7	27,6	-51,1	-36,4	-22,0	-28,0	--
B8 Own threat of unemployment now (balance)	0,0	7,6	-18,8	-4,4	-6,6	-9,4	--
C1 Favourability of time for purchasing durables (balance)	19,0	41,8	-14,2	6,1	-1,3	2,4	--
C2 Favourability of time for saving (balance)	11,4	36,8	-19,6	11,3	7,8	8,0	-
C3 Favourability of time for raising a loan (balance)	17,2	42,0	-47,1	16,0	4,4	7,9	-
D2 Household's saving possibilities in the next 12 months (balance)	38,6	52,2	10,9	42,6	46,3	39,4	+/-

The **balance figures** are obtained by deducting the weighted proportion of negative answers from that of positive answers. The **consumer confidence indicator** is the average of the balance figures for the CCI components. The balance figures and the confidence indicator can range between -100 and +100 – the higher (positive) balance figure, the brighter the view on the economy.

Explanations for **Outlook** column: ++ Outlook is very good, + Outlook is good, +/- Outlook is neutral, - Outlook is poor, -- Outlook is very poor. Deviation of balance from average has been compared to standard deviation.

## The population and sample of the Survey

The population of the Consumer Survey comprises 4.4 million persons aged 15 to 84 and their 2.6 million households in Finland. The population was extended to persons aged 75 to 84 starting from January 2012. The gross size of the monthly sample of the Survey is 2,350 persons (previously 2,200 persons).

In October, the non-response rate of the Consumer Survey was 36.6 per cent. The non-response rate includes those who refused from the survey or were otherwise prevented from participating, as well as those who could not be contacted.

The extension of the population, that is, responses from persons aged 75 to 84, is estimated to have weakened the value of the consumer confidence indicator by good one unit starting from January 2012. This has primarily been caused by a drop in the balance figure of one component, namely own household's saving possibilities. The extension of the population has also somewhat affected the results on owning various home technology.

### **EU results**

The (seasonally adjusted) Consumer Survey results for all EU countries are released on the European Commission website: European Commission, DG ECFIN, Business and Consumer Survey Results; [http://ec.europa.eu/economy\\_finance/db\\_indicators/surveys/index\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm)

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# *1. Method of the Consumer Survey*

The Consumer Survey is a telephone interview survey by means of which it is possible to measure Finns' images - assessments and expectations - of the general economic development and the financial situation of one's own household and intentions to make major purchases, save money or take out a loan. In addition, the survey is a tool for finding out how common modern machines and equipment are in households.

The first Finnish Consumer Survey was conducted in November 1987. Until 1991 it was carried out twice a year, in May and November. In 1992 the survey times were rose to four: the survey months were February, May, August and November. Since October 1995 the Consumer Survey data have been collected monthly on assignment of the European Commission.

The Consumer Survey has a totally new individual sample each month. The same sample is also used for the data collection of the Finnish Travel Survey and some other surveys as well. The sample size of the Consumer Survey is 2,350 persons monthly. The non-response rate nowadays being about 35 per cent, approximately 1,500 responses are gained every month. The non-response rate includes those who refused from the survey or were otherwise prevented from participating as well as those who could not be contacted.

The interviews are conducted from Statistics Finland's CATI Centre during the first two or three weeks of the month. The target area is the whole country and the respondents of the Consumer Survey represent the 15 to 84-year-old population in Finland, according to age, gender, province of domicile and native language.

All the response data of the Consumer Survey are weighted against the total population by means of sample weights. Weighting corrects the effects of non-response and improves the statistical accuracy of the data. The weights are established by using a calibration method and the probability of each observation to be included in the sample. The figures and series presented are not seasonally adjusted.

# Appendix tables

**Appendix table 1. Consumers' views and intentions**

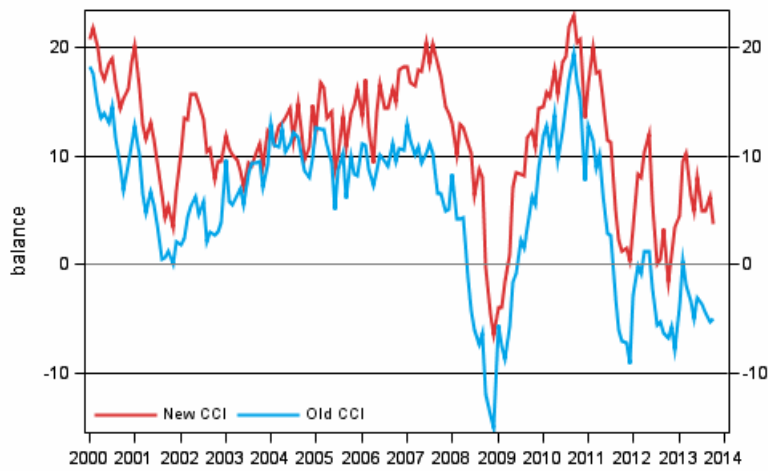
	Average 10/1995-	Max. 10/1995-	Min. 10/1995-	10/2012	09/2013	10/2013	Outlook
A1 Consumer confidence indicator, CCI = (B2+B4+B7+D2)/4	12,3	22,9	-6,5	-1,6	6,3	3,8	--
A2 Old CCI = (B1+B2+B3+B4+C1)/5	7,1	19,4	-15,0	-6,7	-5,3	-5,0	--
A3 Micro indicator = (B2+D1+D2)/3	25,0	33,4	9,5	26,5	27,3	25,4	+/-
A4 Macro indicator = (B4+B7)/2	0,9	22,8	-39,1	-26,7	-12,8	-15,2	--
B1 Own economy now (balance)	4,4	9,8	-4,0	2,3	2,4	-0,8	--
- Better (%)	23,9	30,6	16,7	21,1	21,0	18,0	
- Worse (%)	16,0	22,7	11,4	17,9	17,6	19,2	
B2 Own economy in 12 months' time (balance)	8,6	14,1	2,3	4,6	4,4	6,2	-
- Better (%)	25,9	33,4	18,2	22,2	22,0	24,5	
- Worse (%)	10,9	17,2	6,6	15,7	16,0	13,7	
B3 Finland's economy now (balance)	-0,2	29,5	-60,9	-29,2	-28,2	-30,2	--
- Better (%)	28,0	62,1	2,0	7,0	10,6	9,2	
- Worse (%)	25,7	88,5	4,2	57,9	56,5	57,9	
B4 Finland's economy in 12 months' time (balance)	3,6	25,3	-27,1	-17,0	-3,6	-2,5	-
- Better (%)	30,9	57,3	11,6	16,1	28,5	29,8	
- Worse (%)	22,5	57,3	6,0	44,2	31,9	30,5	
B5 Inflation now (per cent)	2,4	5,8	-2,0	3,5	3,3	3,2	
B6 Inflation in 12 months' time (per cent)	2,3	4,6	0,6	3,2	2,9	2,7	
B7 Unemployment in Finland in 12 months' time (balance)	-1,7	27,6	-51,1	-36,4	-22,0	-28,0	--
- Less (%)	31,8	60,8	6,4	8,4	15,4	11,6	
- More (%)	32,6	83,3	6,9	70,5	53,8	60,5	
B8 Own threat of unemployment now (balance)	0,0	7,6	-18,8	-4,4	-6,6	-9,4	--
- Decreased (%)	13,4	20,0	5,3	9,6	11,2	10,2	
- Increased (%)	15,8	31,9	7,9	18,7	22,3	24,7	
C1 Favourability of time for purchasing durables (balance)	19,0	41,8	-14,2	6,1	-1,3	2,4	--
- Favourable time (%)	44,7	62,4	29,6	38,8	34,6	37,1	
- Unfavourable time (%)	25,7	45,7	17,7	32,7	35,9	34,7	
C2 Favourability of time for saving (balance)	11,4	36,8	-19,6	11,3	7,8	8,0	-
- Good time (%)	58,7	80,7	33,4	57,9	55,5	55,1	
- Bad time (%)	35,6	58,5	15,5	37,6	41,2	39,6	
C3 Favourability of time for raising a loan (balance)	17,2	42,0	-47,1	16,0	4,4	7,9	-
- Good time (%)	61,9	78,2	13,3	60,1	51,4	53,7	
- Bad time (%)	30,8	83,4	12,1	33,9	42,5	39,5	
D1 Household's financial situation now (balance)	28,0	35,1	14,7	32,4	31,3	30,6	+
- Can save (%)	58,9	70,0	38,6	65,7	64,8	62,5	
- Uses savings or gets into debt (%)	6,7	10,1	4,5	5,2	6,4	6,6	

	Average 10/1995-	Max. 10/1995-	Min. 10/1995-	10/2012	09/2013	10/2013	Outlook
D2 Household's saving possibilities in the next 12 months (balance)	38,6	52,2	10,9	42,6	46,3	39,4	+/-
- Can save (%)	73,4	82,3	56,6	76,5	79,2	73,9	
- Cannot save (%)	24,6	40,3	16,5	22,8	20,0	25,0	
D5 Household's intentions to raise a loan in the next 12 months (% of households)	13,4	17,8	9,1	12,7	11,2	12,8	-
- Yes, certainly (%)	5,6	8,5	3,1	5,9	5,1	5,8	
- Possibly (%)	7,7	11,4	5,2	6,8	6,1	7,0	
E1 Spending on durables, next 12 months vs last 12 months (balance)	-8,3	-2,4	-18,2	-11,6	-13,7	-14,2	--
- More (%)	22,2	30,8	14,3	16,6	17,4	16,5	
- Less (%)	32,6	40,4	26,5	33,6	36,1	35,8	
E2 Intentions to buy a car in the next 12 months (% of households)	17,1	21,7	12,7	15,0	15,7	16,2	-
- Very likely (%)	8,8	12,1	5,9	7,7	7,6	7,3	
- Fairly likely (%)	8,3	10,4	5,3	7,2	8,1	8,8	
E4 Intentions to buy a dwelling in the next 12 months (% of households)	7,1	11,3	4,1	7,6	4,7	6,9	+/-
- Yes, certainly (%)	3,1	5,2	1,3	3,3	2,5	2,5	
- Possibly (%)	4,0	6,2	2,2	4,3	2,2	4,3	
E5 Intentions to spend money on basic repairs of dwelling in the next 12 months (% of households)	18,7	27,0	9,8	18,4	17,3	18,7	+/-
- Very likely (%)	12,3	19,0	5,0	12,1	12,1	12,7	
- Fairly likely (%)	6,4	9,1	3,2	6,3	5,2	6,0	

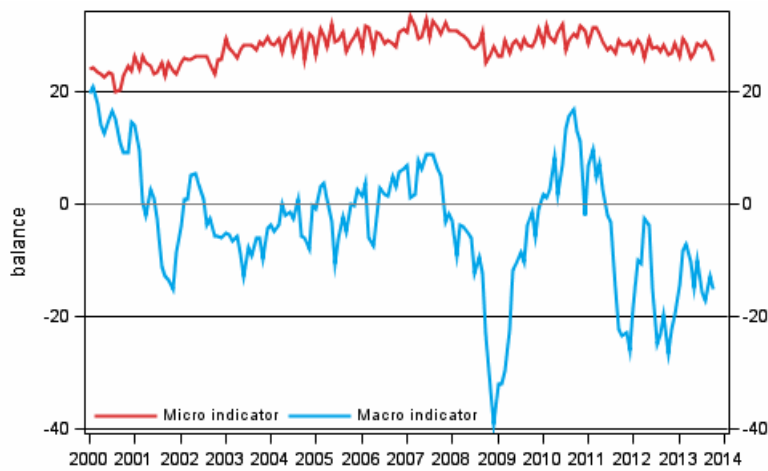


# Appendix figures

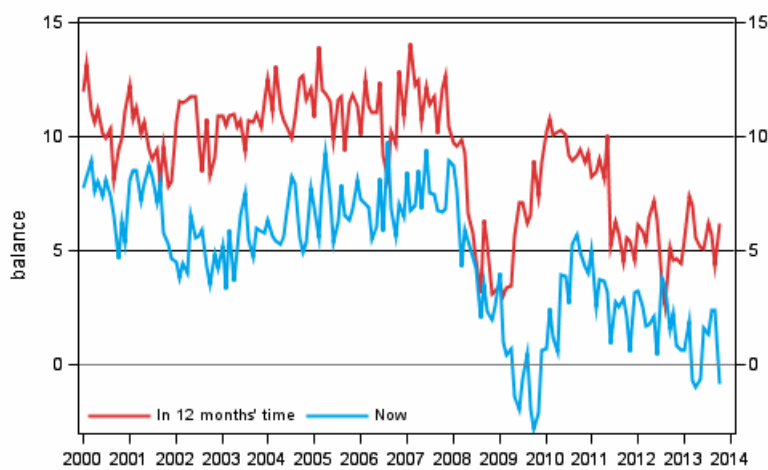
**Appendix figure 1. Consumer confidence indicator (CCI)**



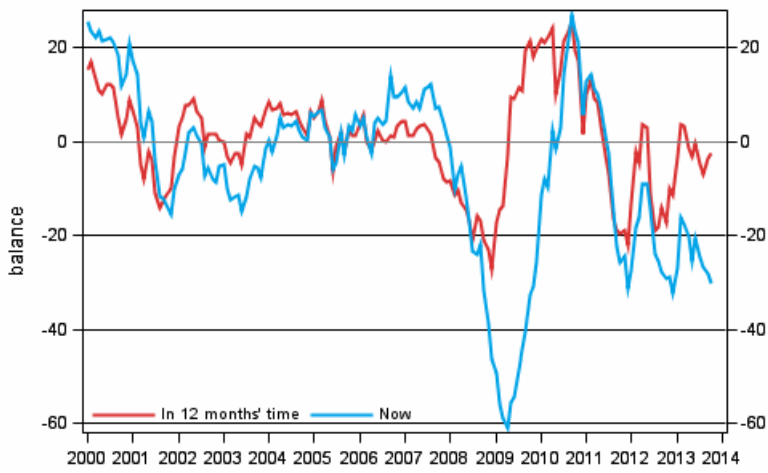
**Appendix figure 2. Micro and macro indicators**



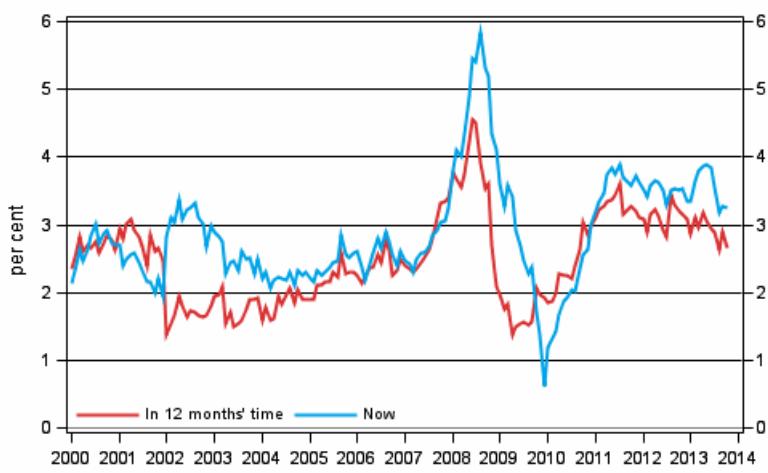
**Appendix figure 3. Own economy**



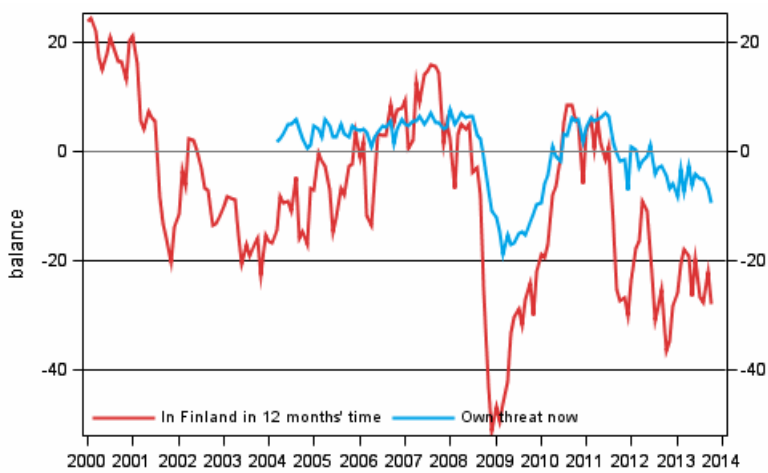
**Appendix figure 4. Finland's economy**



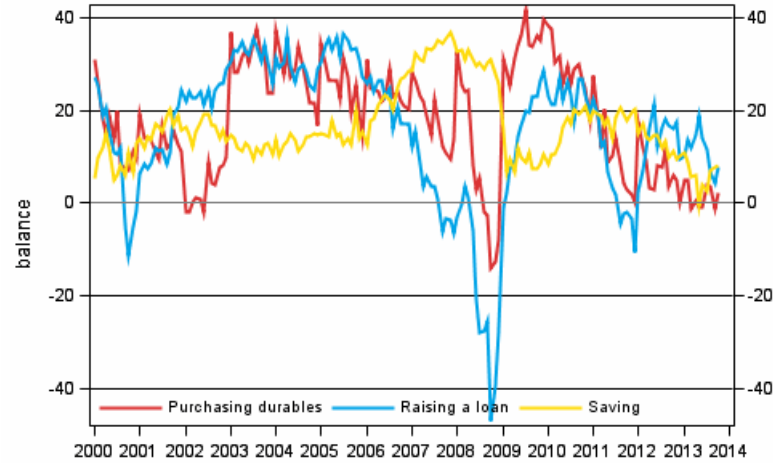
**Appendix figure 5. Inflation**



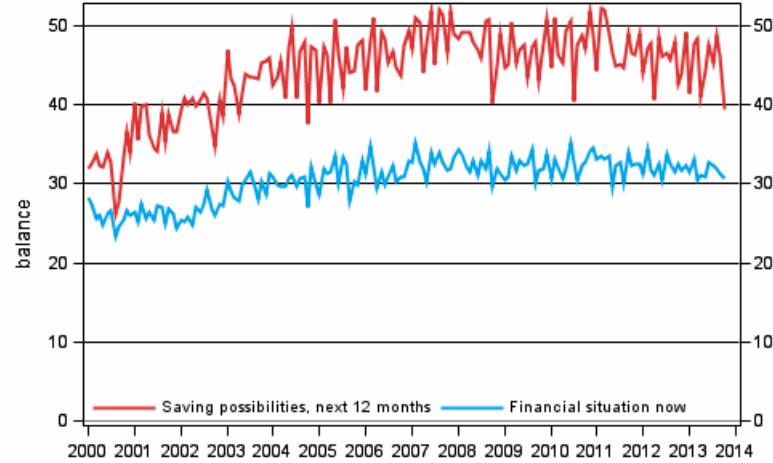
**Appendix figure 6. Unemployment**



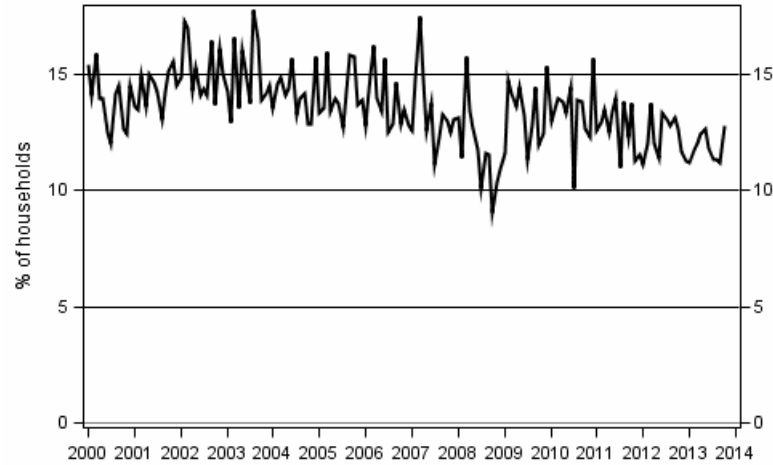
**Appendix figure 7. Favourability of time for**



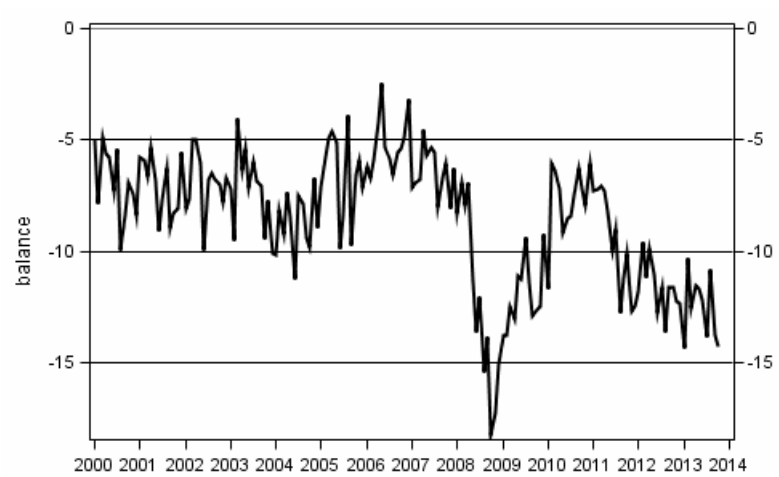
**Appendix figure 8. Household's financial situation**



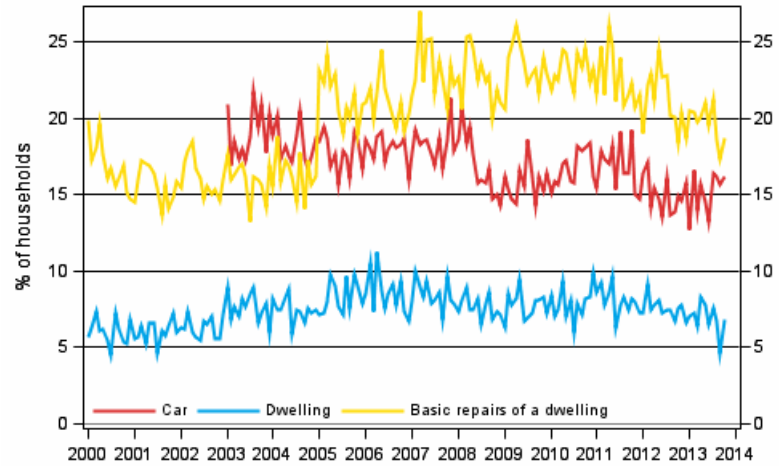
**Appendix figure 9. Household's intentions to raise a loan, next 12 months**



**Appendix figure10. Spending on durables, next 12 months vs last 12 months**



**Appendix figure 11. Household's intentions to buy, next 12 months**



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Source: Consumer Survey 2013, October. Statistics Finland