

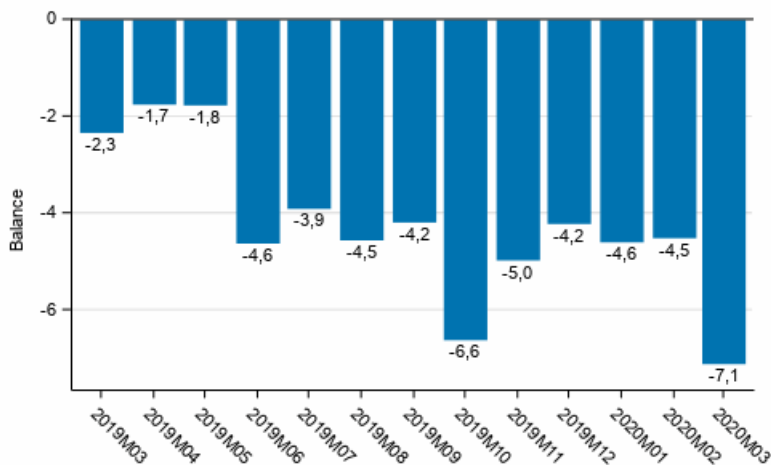
# Consumer Confidence

2020, March

## Consumer confidence weakened in March – trust in own economy

The consumer confidence indicator (CCI) stood at -7.1 in March, having been -4.5 in February and -4.6 in January. In last year’s March, the CCI received the value -2.3. The long-term average for the CCI is -1.7. The data are based on Statistics Finland’s Consumer Confidence Survey, to which 1,053 persons resident in Finland responded between 2 and 19 March. **The majority of responses were received before 13 March, that is, prior to the Government’s restrictive measures related to the coronavirus pandemic. Statistics Finland will publish actual inquiry data on the economic effect of the pandemic during April.**

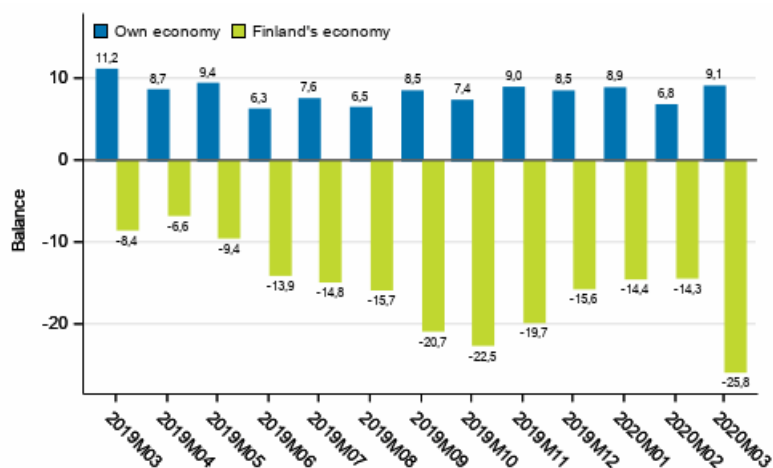
Consumer confidence indicator (CCI)



In March, of the four components of the CCI, expectations concerning Finland's economy weakened clearly and intentions to acquire durable goods decreased compared with February. In contrast, views on one's own economy at present and in the near future improved somewhat. Compared with the corresponding period last year, the components of the CCI weakened apart from intentions to spend money that increased slightly in a year.

In March, consumers' image of their own economy was altogether good, while their views concerning spending money were average and about economic development in Finland gloomy.

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



Consumers' views on the development of the unemployment situation in Finland fell in March to a weak level. The same applied to the personal threat of unemployment experienced by consumers, that is, wage and salary earners and self-employed persons. Consumer prices were expected to rise more slowly than before in future.

In March, consumers considered their own financial situation to be excellent. The time was regarded only to a certain degree favourable for saving and for raising a loan and not at all for buying durable goods. However, many were thinking of buying a dwelling and taking out a loan in March.

### Consumer confidence by major region and population group

In March, consumer confidence in the economy was strongest in Greater Helsinki (CCI -5.2) and weakest in Eastern Finland (-9.7). Among population groups, students (-1.3) and upper-level salaried employees (-1.9) were most optimistic. Unemployed persons (-14.8) and pensioners (-13.9) had clearly the gloomiest expectations concerning economic development in March.

Consumer confidence in the economy usually decreases with the person's age, and correspondingly the confidence typically increases as income grows. Men are likely to have better confidence in the economy than women. More detailed information is available in the [Database tables](#).

### EU results

The (seasonally adjusted) survey results concerning economic expectations for all EU countries are released monthly on the European Commission website: [Press releases](#).

### Concepts

The **balance figures** are obtained by deducting the weighted proportion of negative answers from that of positive answers. The **consumer confidence indicator** (CCI/A1) is the average of the balance figures for the CCI components. The components of the CCI are: consumer's own economy now (B1), consumer's own economy in 12 months (B2), Finland's economy in 12 months (B4) and consumer's spending money on major purchases in the next 12 months compared to the past 12 months (E1). 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.

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# 1. Examination of answer distributions

## **Consumers' own and Finland's economy**

Forty-two per cent of consumers estimated in March that Finland's economy was now worse than a year ago and only eight per cent of consumers felt that it was better. One month earlier, the respective proportions were 35 and 11 per cent. Nineteen per cent of consumers thought in March that their own economy is at the moment worse than one year ago. However, more consumers or 27 per cent considered their own economy stronger than before. One month earlier, the respective proportions were 19 and 24 per cent.

In March, only 11 per cent of consumers believed that Finland's economic situation would improve in the coming twelve months, while as many as 52 per cent of them thought that the country's economy would deteriorate. The respective proportions in February were 14 and 37 per cent.

In March, 30 per cent of consumers believed that their own economy would improve and 14 per cent of them feared it would worsen over the year. The respective proportions in February were 25 and 13 per cent.

## **Unemployment and inflation**

Altogether 16 per cent of consumers thought in March that general unemployment would decrease over the year, while as many as 47 per cent of them believed it would increase. The respective proportions in February were 26 and 33 per cent.

In March, 43 per cent of employed persons felt that they were not threatened by unemployment at all. Eight per cent of employed persons reckoned that their personal threat of unemployment had lessened over the past few months, while 21 per cent thought it had grown. One month ago, the latter two proportions were 6 and 16 per cent.

Consumers predicted in March that consumer prices would go up by 2.3 per cent over the next 12 months. One month earlier the predicted inflation rate was still 2.7 per cent, and its long-term average is 3.0 per cent.

## **Saving and taking out a loan**

In March, 61 per cent of consumers thought the time was favourable for saving. Sixty-three per cent of households had been able to lay aside some money and 78 per cent believed they would be able to do so during the next 12 months.

In March, 59 per cent of consumers regarded the time good for taking out a loan. More consumers than ever, or 21 per cent of them, were planning to raise a loan within one year.

## **Buying of durable goods**

Twenty-seven per cent of consumers considered the time favourable for buying durable goods in March. Fourteen per cent of consumers planned on increasing and 36 per cent on reducing their spending on durable goods over the next 12 months. These two proportions were 15 and 32 per cent in February.

In March, 14 per cent of consumers were either definitely or possibly going to buy a car during the next 12 months. More consumers than usual or 14 per cent were also contemplating buying a dwelling. Twenty-two per cent of consumers were planning to spend money on renovating their dwelling within a year.

## **Method of the Consumer Confidence Survey**

The Consumer Confidence Survey measures Finnish consumers' confidence in the economy, that is, views and expectations about the development of their own and Finland's general economic situation. The survey also examines consumers' intentions of making major purchases, saving and raising loans. The survey is carried out with a mixed-mode data collection method, i.e. with a web questionnaire and by telephone interviews (CATI). For the Consumer Confidence Survey, answers are given by means of answer options (qualitative survey).

The former name of the Consumer Confidence Survey was the Consumer Survey. Earlier the survey was carried out by means of telephone interviews only. The first interviews were conducted in November 1987. Until 1991, the survey was carried out twice a year, in May and November. In 1992, the survey times increased to four: the survey months were February, May, August and November. Since October 1995, the consumer confidence data have been collected monthly on assignment from and partial financing of the [European Commission](#).

### **Sampling and data collection**

The population of the Consumer Confidence Survey comprises 4.0 million persons aged 18 to 74 in Finland. The rotating panel design is used in the survey: everybody answers twice within six months. Each month, the target is a random sample of about 2,200 persons, of whom one half are included in the first round and one half in the second round. The target area of the survey is the whole country and the respondents represent the population in Finland, according to age, gender, area of residence and native language. The data collection period for the survey is the first two or three weeks of the month.

In March 2020, in all, 1,053 responses were gained. Of responses, 73 per cent came from the web questionnaire. The non-response rate of the survey was 51.8 per cent. This includes those who refused from the survey or were otherwise prevented from participating, as well as those who could not be contacted. Possible over-coverage (dead, inmates of institutions, moved abroad, etc.) is also included in non-response here.

### **Weighting**

The response data of the Consumer Confidence Survey are expanded to the whole population with weighting coefficients. Weighting corrects the effects of non-response and improves the statistical accuracy of the data. The weights are established by using a calibration method (Calmar) 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<sup>1)</sup>**

	Average 10/1995-	Max. 10/1995-	Min. 10/1995-	03/2019	02/2020	03/2020	Outlook <sup>2)</sup>
A1 Consumer confidence indicator, CCI = (B1+B2+B4+E1)/4	-1.7	6.8	-12.8	-2.3	-4.5	-7.1	--
B1 Own economy now (balance)	3.1	8.6	-5.3	6.7	3.5	5.2	+
- Better (%)	.	.	.	.	24.2	27.4	
- Worse (%)	.	.	.	.	18.6	18.9	
B2 Own economy in 12 months' time (balance)	8.1	13.5	1.2	11.2	6.8	9.1	+
- Better (%)	.	.	.	.	24.8	29.7	
- Worse (%)	.	.	.	.	13.5	14.2	
B3 Finland's economy now (balance)	-5.5	25.9	-66.5	0.9	-14.5	-20.8	-
- Better (%)	.	.	.	.	11.0	8.4	
- Worse (%)	.	.	.	.	35.3	42.2	
B4 Finland's economy in 12 months' time (balance)	-1.6	20.3	-32.8	-8.4	-14.3	-25.8	--
- Better (%)	.	.	.	.	13.6	10.8	
- Worse (%)	.	.	.	.	37.1	52.4	
B5 Inflation now (per cent)	3.1	6.9	-2.7	2.7	2.8	2.4	
B6 Inflation in 12 months' time (per cent)	3.0	5.3	1.7	2.6	2.7	2.3	
B7 Unemployment in Finland in 12 months' time (balance)	-10.0	20.3	-59.5	-1.5	-5.0	-19.7	-
- Less (%)	.	.	.	.	25.7	15.7	
- More (%)	.	.	.	.	32.5	46.8	
B8 Own threat of unemployment now (balance)	-5.7	4.7	-25.1	0.4	-5.7	-8.1	-
- Decreased (%)	.	.	.	.	6.4	7.8	
- Increased (%)	.	.	.	.	16.4	21.1	
C1 Favourability of time for purchasing durables (balance)	19.9	43.5	-13.8	19.7	19.5	12.2	-
- Good time (%)	.	.	.	.	30.0	27.1	
- Bad time (%)	.	.	.	.	10.5	14.9	
C2 Favourability of time for saving (balance)	4.4	29.4	-28.5	20.8	19.9	13.7	+
- Good time (%)	.	.	.	.	65.5	60.8	
- Bad time (%)	.	.	.	.	33.1	37.2	
C3 Favourability of time for raising a loan (balance)	7.9	31.7	-60.4	12.5	23.4	11.9	+
- Good time (%)	.	.	.	.	68.3	59.5	
- Bad time (%)	.	.	.	.	29.9	38.7	
D1 Own financial situation now (balance)	21.5	31.0	6.4	26.4	28.4	29.7	++
- Money is saved (%)	.	.	.	.	60.4	62.5	
- Uses savings or gets into debt (%)	.	.	.	.	9.5	10.4	
D2 Own saving possibilities in the next 12 months (balance)	39.7	53.6	9.8	49.8	48.3	49.4	+
- Can save (%)	.	.	.	.	76.5	78.2	
- Cannot save (%)	.	.	.	.	23.3	21.2	
D5 Intention to raise a loan in the next 12 months (% of consumers)	15.4	21.1	10.5	16.4	19.9	21.1	++
- Yes, absolutely (%)	.	.	.	.	5.3	5.7	

	Average 10/1995-	Max. 10/1995-	Min. 10/1995-	03/2019	02/2020	03/2020	Outlook <sup>2)</sup>
- Possibly (%)	.	.	.	.	14.6	15.5	
E1 Spending on durables, next 12 months vs. last 12 months (balance)	-16.3	-9.7	-26.2	-18.7	-14.0	-17.0	=
- More (%)	.	.	.	.	14.8	13.6	
- Less (%)	.	.	.	.	32.5	35.6	
E2 Intention to buy a car in the next 12 months (% of consumers)	14.3	19.2	10.1	16.0	13.9	14.5	=
- Very likely (%)	.	.	.	.	4.9	4.9	
- Quite likely (%)	.	.	.	.	9.0	9.6	
E4 Intention to buy a dwelling in the next 12 months (% of consumers)	12.5	16.5	9.1	12.8	14.4	14.3	++
- Yes, absolutely (%)	.	.	.	.	4.6	4.2	
- Possibly (%)	.	.	.	.	9.8	10.1	
E5 Intention to spend money on basic repairs of dwelling in the next 12 months (% of consumers)	17.4	26.0	8.1	19.4	18.7	22.1	++
- Very likely (%)	.	.	.	.	6.3	7.4	
- Quite likely (%)	.	.	.	.	12.5	14.7	

1) Period 10/1995–04/2019: information on response distributions cannot be presented – only the (revised) balance figures, inflation estimates and some percentage shares are published.

2) Outlook: ++ very good, + good, = neutral, - poor, -- very poor; deviation of balance from average has been compared to standard deviation.

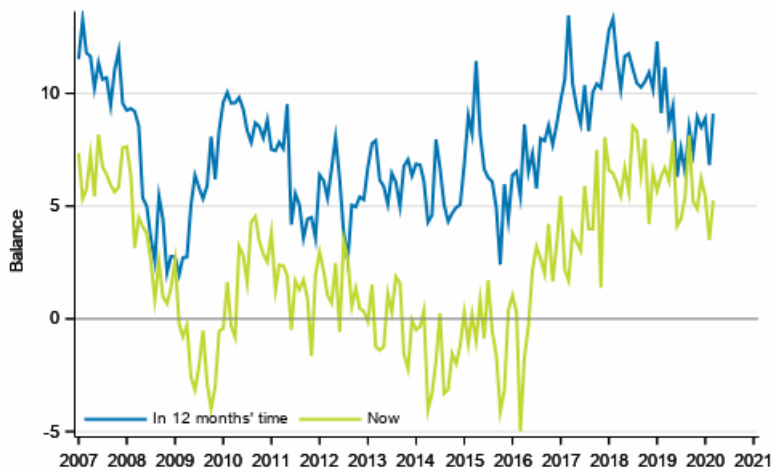
# Appendix figures

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

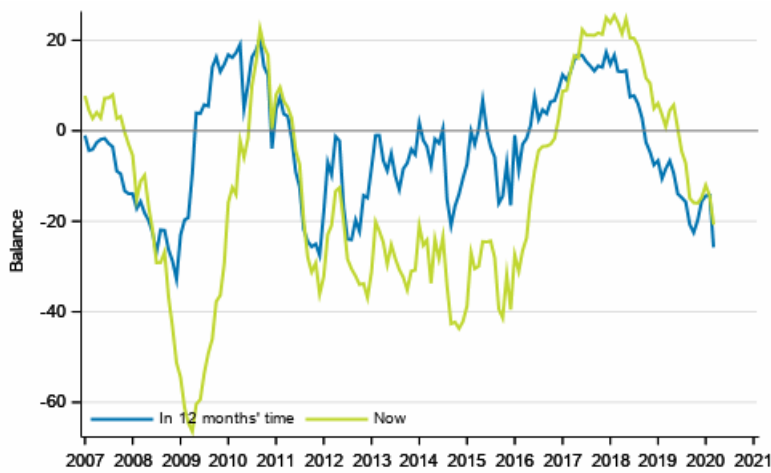


1) average 10/1995 - 03/2020

**Appendix figure 2. Own economy**

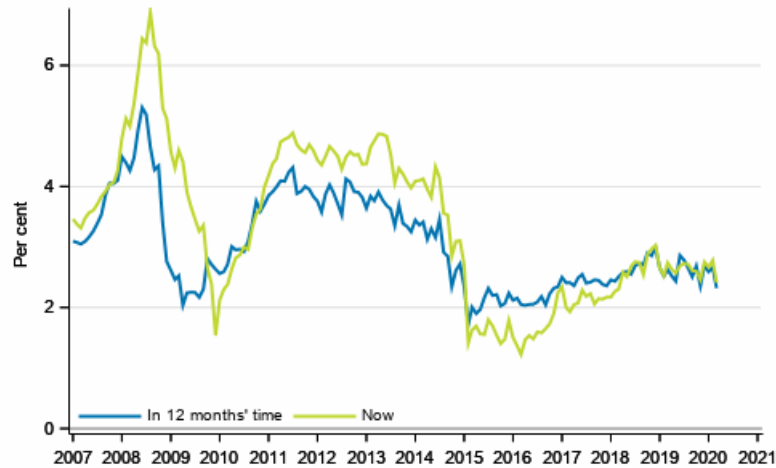


**Appendix figure 3. Finland's economy**

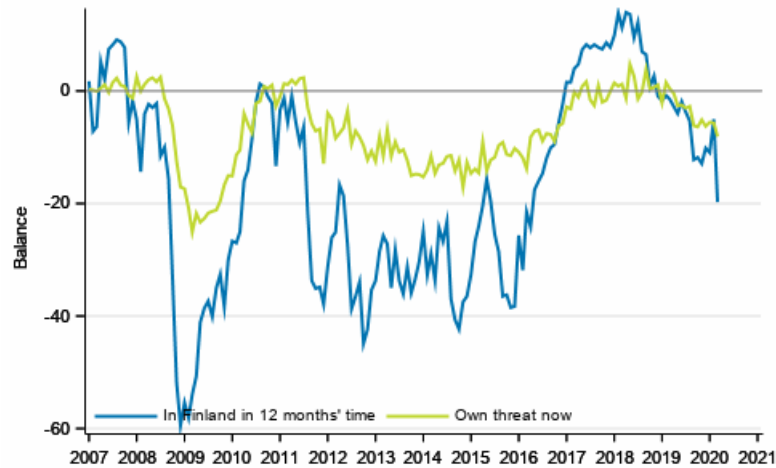




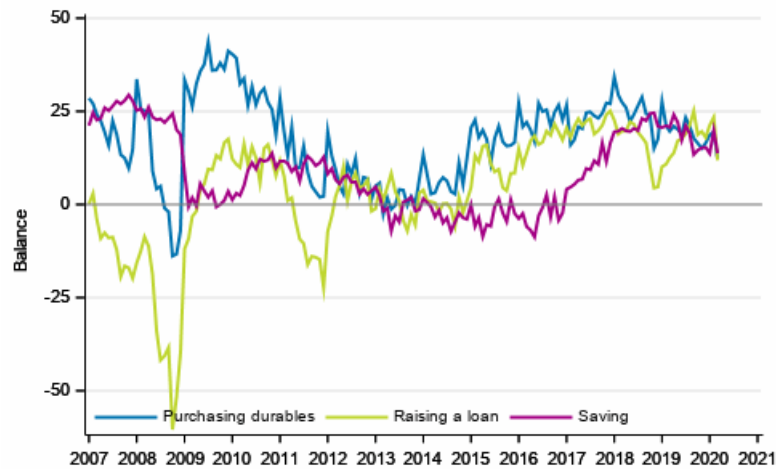
**Appendix figure 4. Inflation**



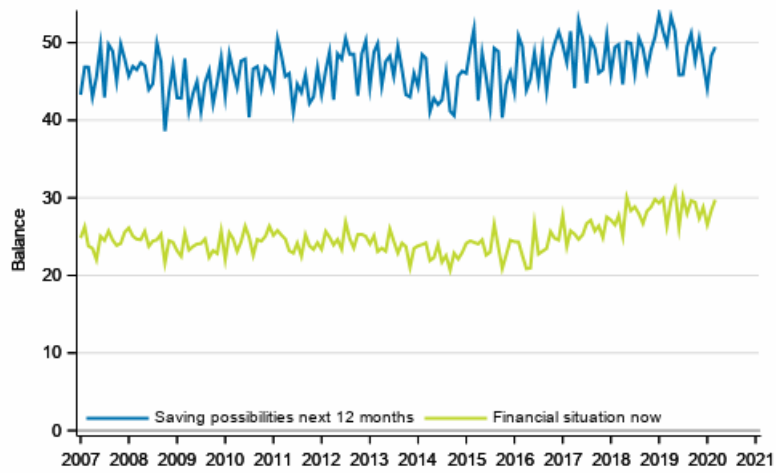
**Appendix figure 5. Unemployment**



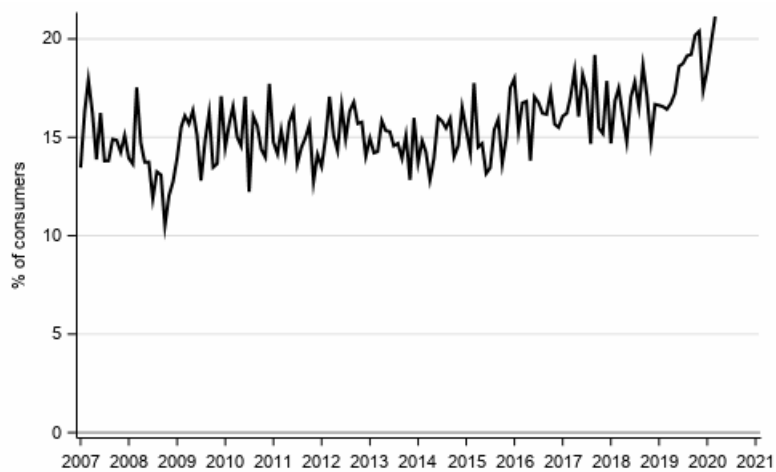
**Appendix figure 6. Favourability of time for**



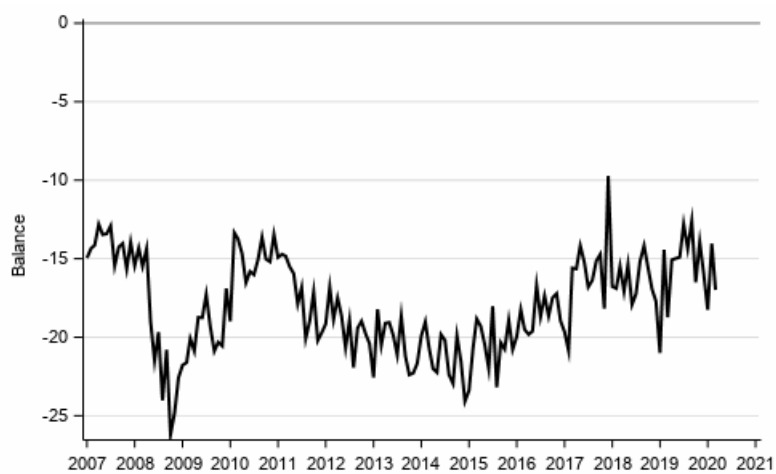
**Appendix figure 7. Own financial situation and saving possibilities**



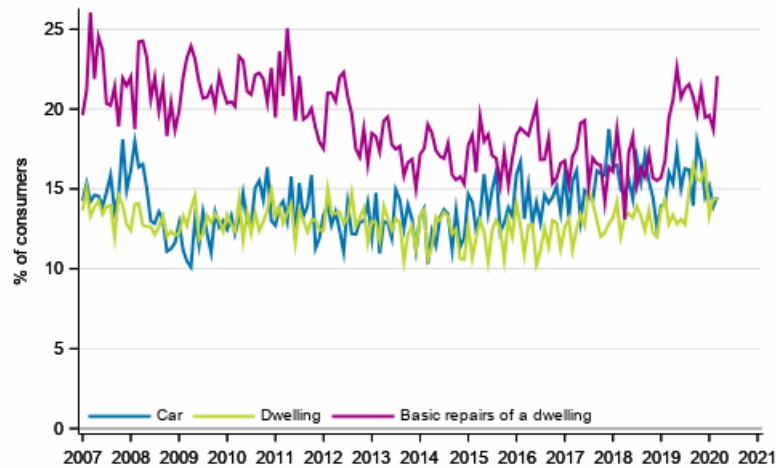
**Appendix figure 8. Intention to raise a loan, next 12 months**



**Appendix figure 9. Spending on durables, next 12 months vs. last 12 months**



Appendix figure10. Intentions to buy, next 12 months



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Source: Consumer Confidence 2020, March. Statistics Finland