



CENTRAL BANK OF
TRINIDAD & TOBAGO

CONSUMER CONFIDENCE REPORT

Quarter Ending September 2014



CONSUMER CONFIDENCE REPORT (CCR)

SEPTEMBER 2014

INTRODUCTION

Within the recent past, the Central Bank has placed much more emphasis on forward looking indicators. Among them is the Consumer Confidence Survey conducted in the third quarter of 2014. It represents the first attempt by the Bank to measure consumer sentiments and it is particularly timely since the only other consumer confidence measure in Trinidad and Tobago was discontinued in the first quarter of 2011¹.

The survey will be conducted quarterly and will cover approximately 600 individuals over the age of 18. Consumer confidence is regarded as a leading indicator with the ability to predict economic activity in general and consumer expenditures in particular. The index is intended to be used in conjunction with other leading indicators to enhance monetary policy by the Central Bank.

METHODOLOGY

The Consumer Confidence Index (CCI) is a Diffusion index calculated as follows: $CCI = p - n$, where p is the percentage of positive responses and n is the percentage of negative responses to questions about past, current and expected or future conditions. They usually consist of 5 to 10 questions dealing with the state of the economy, the cost of living, individual and household financial circumstances and the purchase of major consumer durables ([See Annex 1 for Questionnaire](#)). The index is bounded between -100 and +100. A positive value indicates consumer optimism, zero indicates neutrality and negative values are indicative of consumer pessimism.

The survey was conducted by phone and respondents were selected on the basis of randomly generated phone numbers, covering all major mobile networks and landlines. The survey was conducted over the period August/September on the basis of a quota sample calibrated by the population characteristics of the 2011 Population and Housing Census. A total of 650 persons provided completed responses to the survey with a response rate of 75%.

¹ The Republic Bank/Market Facts and Opinions Consumer Confidence Index was published from 2001 to 2011.

RESPONDENT CHARACTERISTICS

Respondents were distributed across five broad districts in Trinidad and in Tobago as shown in **Chart 1**. There were 10 per cent more female than male respondents and those between the ages of 26 to 50 years old accounted for just over half of the respondents. The average household size was recorded at 3.8 persons².

CHART 1A
Geographic Location of Respondents

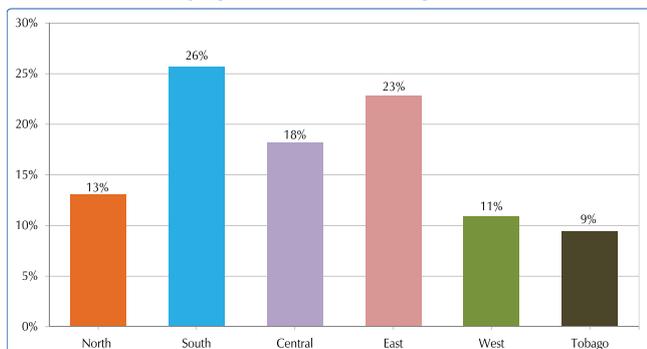


CHART 1B
Gender of Respondents

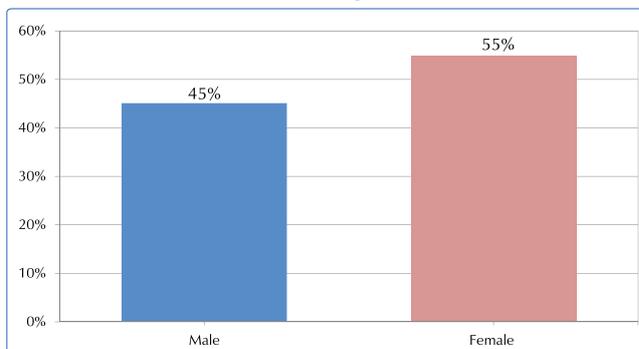


CHART 1C
Highest Level of Education Attained

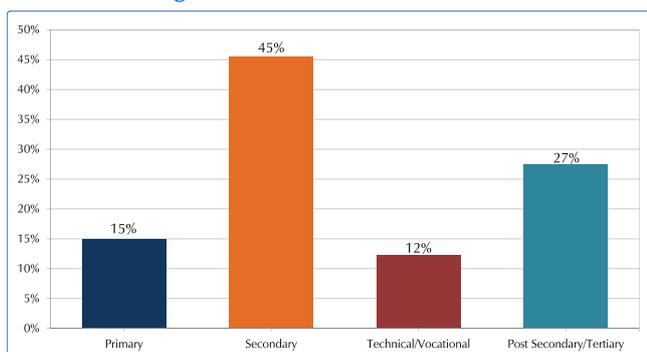
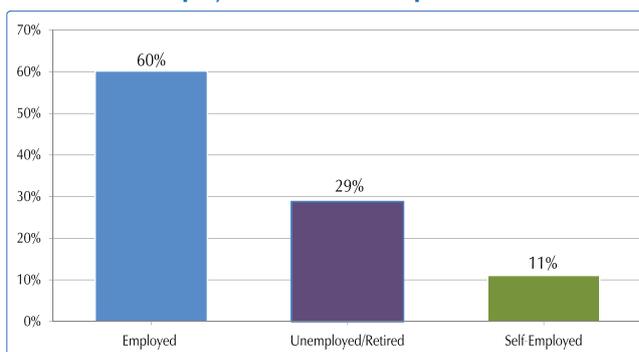


CHART 1D
Employment Status of Respondents



Most of the respondents reported Secondary (45%) as their highest level of education attained, followed by Post-Secondary/Tertiary (27%). Just over 70 per cent were employed or self-employed and 29 per cent were either unemployed or retired. Of those responding, 75 per cent were skilled while 25 per cent were unskilled.

CONSUMER CONFIDENCE

On the scale measuring -100 to +100 the CCI for Trinidad and Tobago measured -4.0 during the quarter ended September 2014, indicative of mild pessimism. While for Trinidad the CCI measured -3.6, for Tobago it was more than double the Trinidad level, measuring -8.6.



² The Population and Housing Census 2012 measured average household size at 3.3 persons. The difference may be due to the more stringent definition adopted by the census.

The main contributor to the negative, albeit mildly pessimistic outlook, was current perceptions about the change in the cost of living and anticipated changes over the next six months. Almost 74 per cent of the respondents felt that the cost of living increased over the past six months, while two-thirds believed that it will increase over the next six months.

STATE OF THE ECONOMY

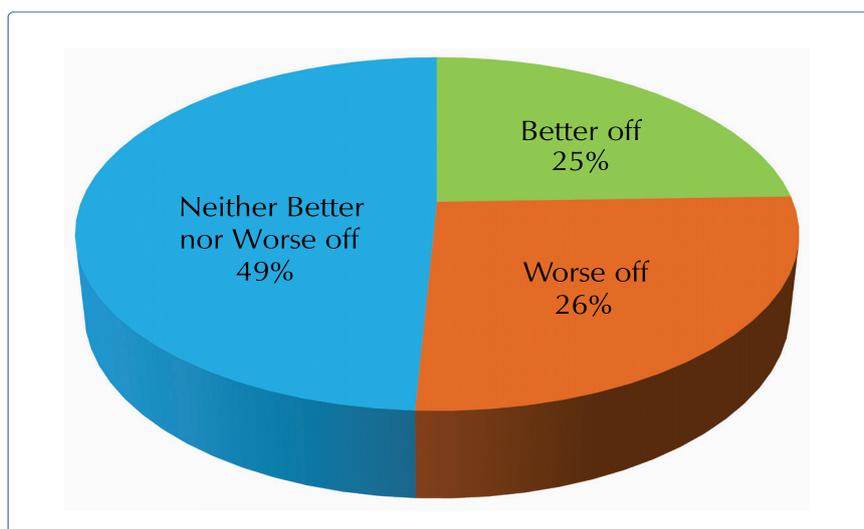
Respondents were far more upbeat about the state of and prospects for the economy. Roughly 25 per cent believed that the economy was better now compared to six months ago. Regarding the future, 40 per cent believed that the economy would get better over the next six months, compared to only 20 per cent who believed the economy would worsen over the same period.

As a sub category, sentiments about the economy were positive. The sub index for the combined current and future perspective on the economy was +4.4 per cent. This differed significantly between Trinidad on the one hand, and Tobago. For Trinidad the Economy sub index was +5.0 while for Tobago the sub index was reversed at -1.6 (See Appendix 3).

PERSONAL FINANCIAL SITUATION

Respondents were ambivalent about their personal financial circumstances now compared to six months ago. An almost equal number believed that they were better off when compared to those who felt they were worse off. In addition, half of the respondents indicated that they were neither better nor worse off (See Chart 2 below).

CHART 2
Personal Financial Circumstances compared to 6 months ago



More than half of all respondents (52%) believe that their personal financial circumstances would improve over the next six months, while only 9 per cent felt that it would worsen. Although significantly positive in both instances, the results between Trinidad and Tobago differed somewhat. For Tobago, only 43 per cent believed that their financial situation would improve over the next six months, compared to 53 per cent for Trinidad. The pattern was similar for those who believed that that the situation would worsen between both islands.

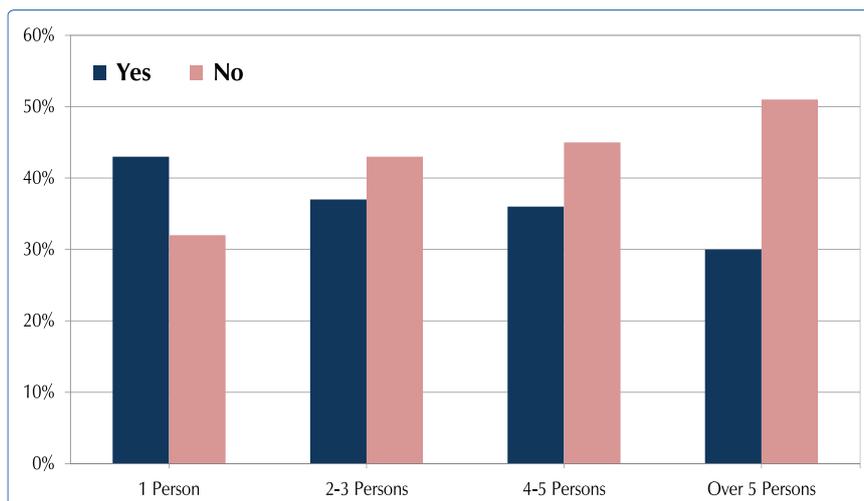
HOUSEHOLD INCOME

Overall, a majority of the respondents reported no change in household income now compared to six months ago. This held true for both islands. Regarding future income however, over 40 per cent of respondents in both islands believed incomes would improve over the next six months. Those who expected household income to decrease over the next six months were slightly higher for Tobago (See Appendix 2).

CONSUMER DURABLES PURCHASES

Respondents were very consistent in their attitudes to purchasing major consumer durables. Just over one-third believed it was a good time to purchase durables, 45 per cent disagreed and one-fifth were unsure. The pattern was similar across both islands, but differed however, when viewed by the size of the household. Larger households were less inclined to find favour with major durable goods purchases relative to smaller households (See Chart 3 below).

CHART 3
Is this a good time to purchase major consumer durables?



SUMMARY

Overall Consumer Confidence for Trinidad and Tobago was mildly pessimistic for the quarter ending September 2014. The most significant optimism came from expectations of improved personal financial circumstances and higher future household incomes. Respondents had strongly negative perceptions on the cost of living both present and expected, and generally did not believe that the time is right for purchasing major consumer durables. Finally, while sentiments on the current state of the economy were somewhat negative, there was much optimism about the economy over the next six months.

APPENDIX 1

Consumer Confidence Survey

1. Perception of Overall Price Movement (Cost of Living)

(1a.) How would you say the cost of living has changed over the last 6 months?	(1b.) How do you expect the cost of living to change over the next 6 months?
<input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> No change	<input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> No change

2. Perception of the State of the Economy

(1a.) How would you say the economy has changed compared to 6 months ago?	(1b.) How do you expect the economy to develop over the next 6 months?
<input type="checkbox"/> Better <input type="checkbox"/> Worse <input type="checkbox"/> No change	<input type="checkbox"/> Better <input type="checkbox"/> Worse <input type="checkbox"/> No change
(2) In view of the current economic situation, do you think now is a good time to buy items like furniture, appliances, a vehicle, et cetera?	
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not sure	

3. Individual Financial Circumstance

(1a.) How is your financial circumstances now compared to 6 months ago?	(1b.) How do you expect your financial circumstances to change over the next 6 months?
<input type="checkbox"/> Better <input type="checkbox"/> Worse <input type="checkbox"/> Unchanged	<input type="checkbox"/> Better <input type="checkbox"/> Worse <input type="checkbox"/> Unchanged

4. Perception of Household Income

(1a.) How would you say your household income has changed compared to 6 months ago?	(1b.) How do you expect your household income to change over the next 6 months?
<input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> No change	<input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> No change

APPENDIX 2

Overall Consumer Confidence for Quarter Ending September 2014 /per cent/

Question Number	Subject	Trinidad & Tobago			Trinidad			Tobago		
		Positive	Negative	Neutral	Positive	Negative	Neutral	Positive	Negative	Neutral
Q 1.1	Cost of living now	2.8	73.7	23.5	2.5	74.0	23.4	4.9	70.5	24.6
Q 1.2	Cost of living future	8.5	66.6	24.9	8.7	65.7	25.6	6.6	75.4	18.0
Q 2.1	Economy now	24.8	35.8	39.4	25.3	35.7	39.0	19.7	37.7	42.6
Q 2.2	Economy future	39.5	19.7	40.8	39.6	19.2	41.3	39.3	24.6	36.1
Q 2.3	Major Purchase	35.5	44.9	19.5	35.7	45.2	19.2	34.4	42.6	23.0
Q3.1	Finance now	24.5	26.3	49.2	23.9	26.1	49.9	29.5	27.9	42.6
Q 3.2	Finance future	51.7	8.6	39.7	52.6	8.1	39.2	42.6	13.1	44.3
Q 4.1	Household Income now	29.4	17.7	52.9	29.7	17.1	53.1	26.2	23.0	50.8
Q 4.2	Household Income future	46.5	6.0	47.5	47.0	5.9	47.0	41.0	6.6	52.5

APPENDIX 3

Consumer Confidence Sub Index Calculations: Quarter Ending September 2014

Dimension	Subject	Trinidad & Tobago			Trinidad			Tobago		
		Positive	Negative	Neutral	Positive	Negative	Neutral	Positive	Negative	Neutral
All Dimensions	Proportions (%)	29.2	33.3	37.5	29.4	33.0	37.5	27.1	35.7	37.2
	p-n	-4.0			-3.6			-8.6		
Cost of Living	Proportions (%)	5.6	70.2	24.2	5.6	69.9	24.5	5.7	73.0	21.3
	p-n	-64.5			-64.3			-67.2		
Economy	Proportions (%)	32.2	27.8	40.1	32.4	27.4	40.2	29.5	31.1	39.3
	p-n	4.4			5.0			-1.6		
Durable Goods Purchases	Proportions (%)	35.5	44.9	19.5	35.7	45.2	19.2	34.4	42.6	23.0
	p-n	-9.4			-9.5			-8.2		
Financial Circumstances	Proportions (%)	38.1	17.5	44.5	38.3	17.1	44.6	36.1	20.5	43.4
	p-n	20.6			21.1			15.6		
Household Incomes	Proportions (%)	37.9	11.8	50.2	38.4	11.5	50.1	33.6	14.8	51.6
	p-n	26.1			26.8			18.9		

