

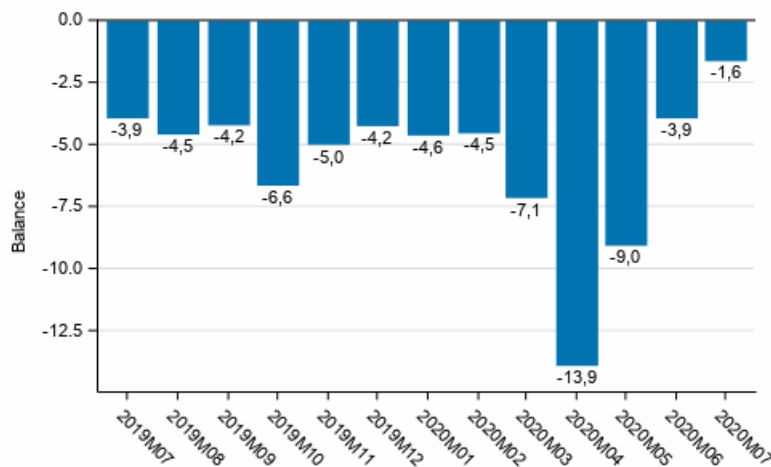
# Consumer Confidence

2020, July

## Consumer confidence exceeded its average – large purchases are tempting

The consumer confidence indicator (CCI) stood at -1.6 in July, having been -3.9 in June and -9.0 in May. The long-term average for the CCI is -1.8. Last year in July, the CCI received the value -3.9. The data are based on Statistics Finland’s Consumer Confidence Survey, to which 1,034 persons resident in Finland responded between 1 and 19 July.

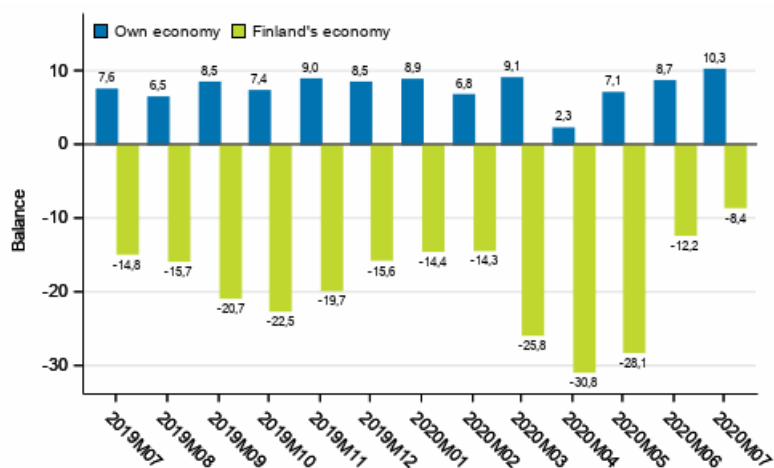
**Consumer confidence indicator (CCI)**



Of the four components of the CCI, expectations of one’s own and Finland’s economy strengthened in July compared to June. In addition, intentions to spend money on durable goods increased. Views concerning consumers’ own economy at present remained unchanged. Also compared with the corresponding period last year, expectations concerning the economy were now brighter and consumption intentions were higher. By contrast, views on the present state of the own economy were worse in July than one year earlier.

In July, consumers' views on Finland's economic development were still weak. By contrast, expectations concerning the near future of one's own economy were already fairly bright, and the views of its present state corresponded to the long-term average views. In addition, consumption intentions were already on a good level in July.

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



Consumers' expectations concerning the development of the general unemployment situation in Finland improved further in July, but the expectations were still on a rather gloomy level. Employed consumers, i.e. wage and salary earners and self-employed persons, felt personally very threatened by unemployment and the threat had not decreased in one month. Consumers' estimates of the future growth rate of consumer prices remained more or less unchanged in July.

In July, consumers still considered their own financial situation to be excellent. The time was regarded as somewhat favourable for buying durable goods and saving, but poor for raising a loan. The estimates improved clearly in a month. In addition, as in the previous months, more consumers than usual were considering raising a loan in July, and a record number intended to buy a dwelling during the next 12 months. There were again also extensive plans on renovating one's own dwelling and buying a passenger car.

### Consumer confidence by major region and population group

In July, consumer confidence was strongest in Greater Helsinki (CCI 2.0) and weakest in Western Finland (-3.8). Among population groups, upper-level salaried employees were clearly most optimistic (7.2). Pensioners had the most pessimistic expectations concerning economic development (-10.7). The CCI received the value -6.1 among self-employed persons in July.

Consumer confidence 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 response distributions

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

Still as many as 83 per cent of consumers estimated in July that Finland's economy was now worse than a year ago and only four per cent of consumers felt that it was better. The respective proportions in June were 86 and three per cent. Twenty per cent of consumers thought in July that their own economy is worse at the moment than one year ago. Slightly more consumers or 25 per cent considered their own economy stronger than one year ago.

In July, 32 per cent of consumers believed that Finland's economic situation would improve in the coming twelve months, while 39 per cent of them thought that the country's economy would deteriorate. One month previously, the corresponding proportions were 32 and 43 per cent and in last year's July 13 and 37 per cent.

In all, 28 per cent of consumers believed in July that their own economy would improve while 11 per cent of them feared it would worsen over the year. In June, the respective proportions were 27 and 13 per cent and twelve months ago 28 and 16 per cent.

## **Unemployment and inflation**

Altogether 24 per cent of consumers thought in July that general unemployment would decrease over the year, while 53 per cent of them believed it would increase. The corresponding proportions were 24 and 57 per cent in June and 24 and 30 per cent one year ago.

In July, 36 per cent of employed persons felt that they were not threatened by unemployment at all. Four per cent of employed persons reckoned that their personal threat of unemployment had lessened over the past few months, while 35 per cent thought it had grown. One month earlier, these three proportions were almost the same or 36, three and 37 per cent.

Consumers estimated in July that consumer prices would go up by 2.3 per cent over the next 12 months. The predicted long-term average inflation rate is 2.9 per cent.

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

In July, 51 per cent of consumers thought the time was favourable for saving. At the corresponding time last year, the proportion was 67 per cent. In July, 63 per cent of households had been able to lay aside some money and 77 per cent believed they would be able to do so during the next 12 months.

In July, 51 per cent of consumers regarded the time good for taking out a loan. One month earlier this proportion was 43 per cent and one year earlier 65 per cent. In July still clearly more consumers than usual, or 19 per cent of them, were planning to raise a loan within one year.

## **Use of money**

In July, 35 per cent of consumers considered the time favourable for buying durable goods. In July, 16 per cent of consumers planned on increasing and 29 per cent on reducing their spending on durable goods over the next 12 months. These three proportions were 33, 14 and 34 per cent in June.

In July, more consumers than usual, or 18 per cent, were either definitely or possibly going to buy a car during the next 12 months. As in previous months, also intentions related to the dwelling – besides taking out a loan – were on a good level: In July, more consumers than ever, or 17 per cent, considered buying a dwelling during the next 12 months. The long-term average proportion is 13 per cent. In addition, very many, or 23 per cent of consumers, were in July planning to spend money on renovating their dwelling within a year.

## 2. 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 3.9 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 July 2020, in all, 1,034 responses were gained. Of responses, 76 per cent came from the web questionnaire. The non-response rate of the survey was 52.7 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-	07/2019	06/2020	07/2020	Outlook <sup>2)</sup>
A1 Consumer confidence indicator, CCI = (B1+B2+B4+E1)/4	-1.8	6.8	-13.9	-3.9	-3.9	-1.6	=
B1 Own economy now (balance)	3.1	8.6	-5.3	4.4	2.8	2.8	=
- Better (%)	.	.	.	26.9	24.3	25.3	
- Worse (%)	.	.	.	18.5	19.1	19.6	
B2 Own economy in 12 months' time (balance)	8.0	13.5	1.2	7.6	8.7	10.3	+
- Better (%)	.	.	.	28.1	27.1	28.4	
- Worse (%)	.	.	.	15.8	13.0	10.9	
B3 Finland's economy now (balance)	-6.3	25.9	-66.5	-4.5	-62.9	-57.9	--
- Better (%)	.	.	.	17.8	2.8	3.5	
- Worse (%)	.	.	.	24.8	85.8	83.2	
B4 Finland's economy in 12 months' time (balance)	-1.8	20.3	-32.8	-14.8	-12.2	-8.4	-
- Better (%)	.	.	.	12.5	31.9	31.7	
- Worse (%)	.	.	.	37.2	42.6	39.1	
B5 Inflation now (per cent)	3.1	6.9	-2.7	2.7	1.9	2.0	
B6 Inflation in 12 months' time (per cent)	2.9	5.3	1.7	2.8	2.4	2.3	
B7 Unemployment in Finland in 12 months' time (balance)	-10.3	20.3	-59.5	-3.7	-22.4	-19.6	-
- Less (%)	.	.	.	24.1	24.2	23.9	
- More (%)	.	.	.	29.7	56.7	53.2	
B8 Own threat of unemployment now (balance)	-6.0	4.7	-26.6	-3.1	-21.7	-21.1	--
- Decreased (%)	.	.	.	7.6	3.5	4.1	
- Increased (%)	.	.	.	13.7	36.8	34.9	
C1 Favourability of time for purchasing durables (balance)	19.7	43.5	-14.3	23.3	13.7	19.2	=
- Good time (%)	.	.	.	33.1	33.0	34.9	
- Bad time (%)	.	.	.	9.8	19.4	15.8	
C2 Favourability of time for saving (balance)	4.3	29.4	-28.5	21.2	2.1	4.6	=
- Good time (%)	.	.	.	66.9	49.6	51.3	
- Bad time (%)	.	.	.	31.9	49.0	46.8	
C3 Favourability of time for raising a loan (balance)	7.6	31.7	-60.4	19.0	-8.1	1.5	-
- Good time (%)	.	.	.	65.2	43.4	50.8	
- Bad time (%)	.	.	.	32.9	54.5	46.7	
D1 Own financial situation now (balance)	21.6	31.0	6.4	30.1	29.2	30.1	++
- Money is saved (%)	.	.	.	61.0	64.2	63.0	
- Uses savings or gets into debt (%)	.	.	.	8.5	11.1	10.7	
D2 Own saving possibilities in the next 12 months (balance)	39.8	53.6	9.8	45.9	46.5	48.7	+
- Can save (%)	.	.	.	75.9	76.5	77.2	
- Cannot save (%)	.	.	.	23.7	23.4	22.4	
D5 Intention to raise a loan in the next 12 months (% of consumers)	15.4	21.1	10.5	18.7	16.7	18.6	++
- Yes, absolutely (%)	.	.	.	5.8	5.3	4.4	

	Average 10/1995-	Max. 10/1995-	Min. 10/1995-	07/2019	06/2020	07/2020	Outlook <sup>2)</sup>
- Possibly (%)	.	.	.	13.0	11.3	14.2	
E1 Spending on durables, next 12 months vs. last 12 months (balance)	-16.3	-9.7	-26.7	-12.8	-14.9	-10.9	++
- More (%)	.	.	.	16.6	13.6	16.3	
- Less (%)	.	.	.	32.1	33.7	28.5	
E2 Intention to buy a car in the next 12 months (% of consumers)	14.3	19.2	10.1	16.3	12.8	17.9	++
- Very likely (%)	.	.	.	7.5	4.7	5.3	
- Quite likely (%)	.	.	.	8.7	8.1	12.6	
E4 Intention to buy a dwelling in the next 12 months (% of consumers)	12.6	17.1	9.1	12.8	14.6	17.1	++
- Yes, absolutely (%)	.	.	.	3.6	4.3	5.2	
- Possibly (%)	.	.	.	9.2	10.2	11.9	
E5 Intention to spend money on basic repairs of dwelling in the next 12 months (% of consumers)	17.4	26.0	8.1	21.3	18.7	22.9	++
- Very likely (%)	.	.	.	6.8	7.0	9.3	
- Quite likely (%)	.	.	.	14.5	11.7	13.6	

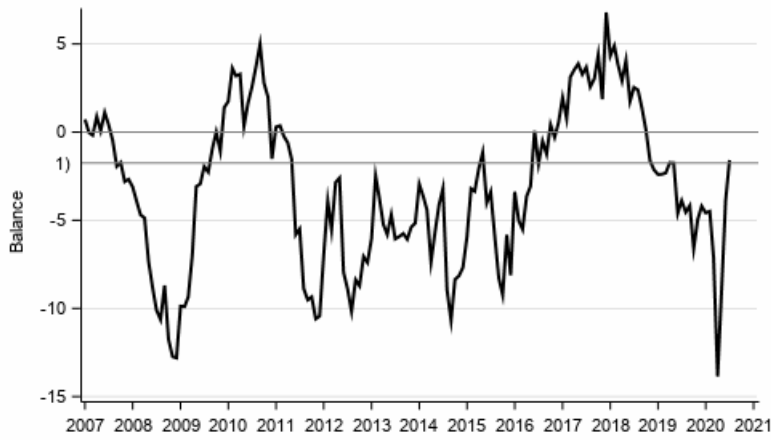
1) Period 10/1995–04/2019: information on response distributions cannot be presented – only the (revised) balance figures, inflation estimates and some percentage shares are published.

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



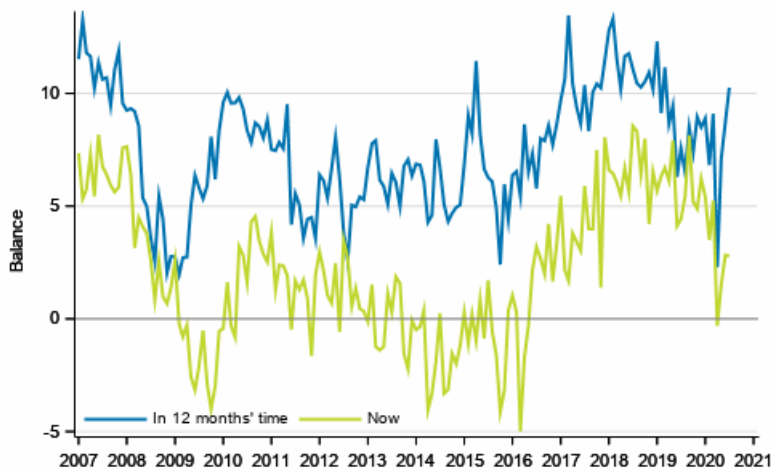
# Appendix figures

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

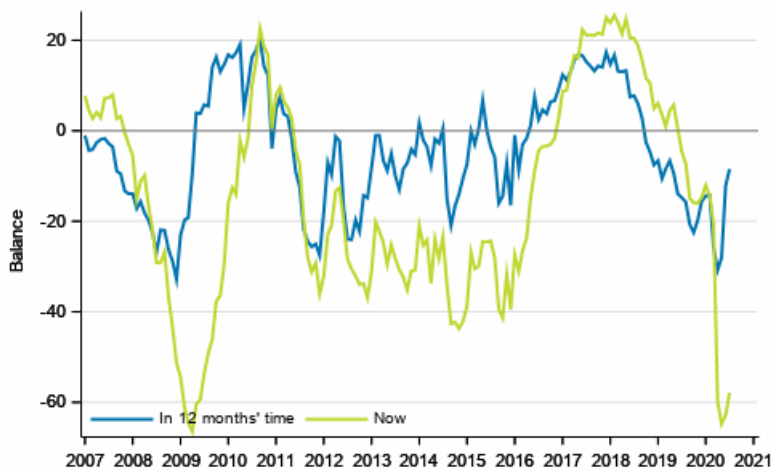


1) average 10/1995 - 07/2020

**Appendix figure 2. Own economy**



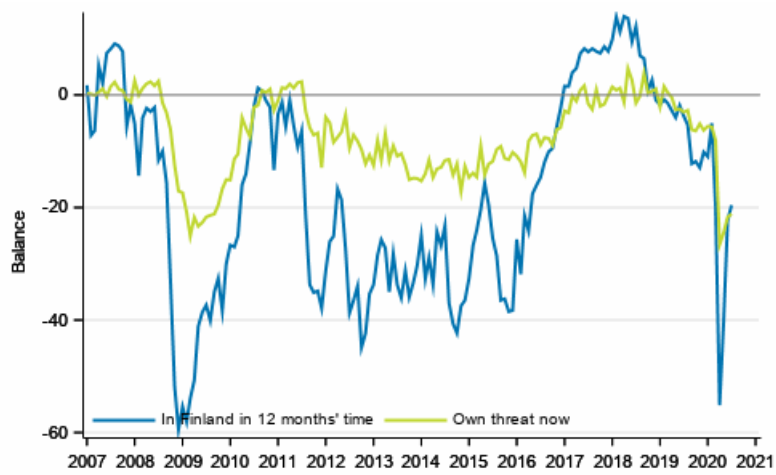
**Appendix figure 3. Finland's economy**



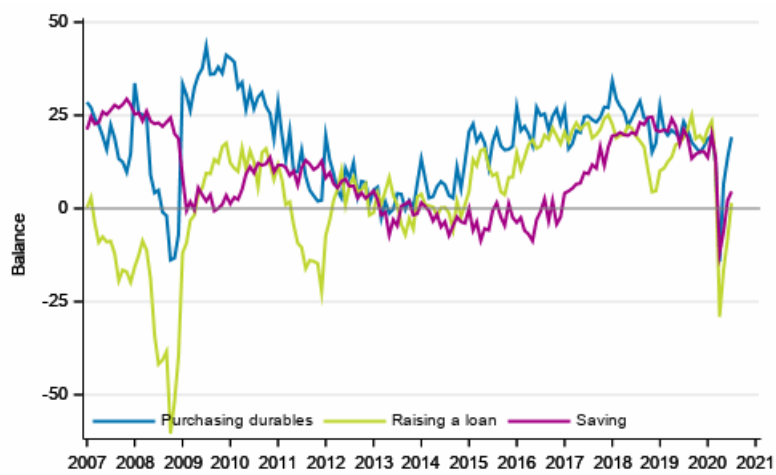
**Appendix figure 4. Inflation**



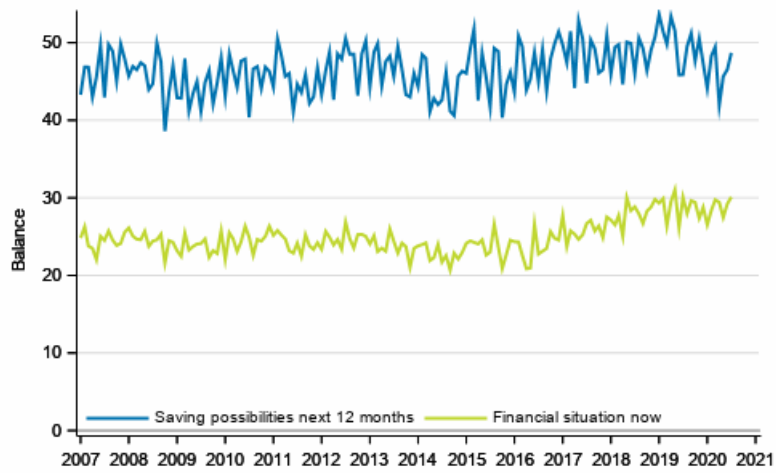
**Appendix figure 5. Unemployment**



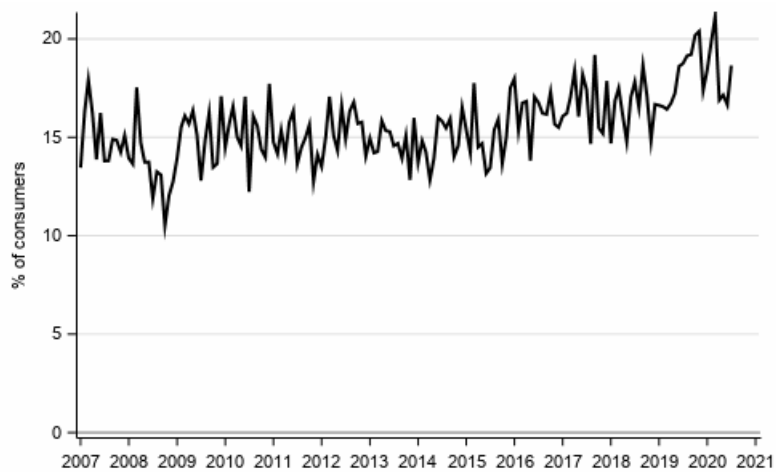
**Appendix figure 6. Favourability of time for**



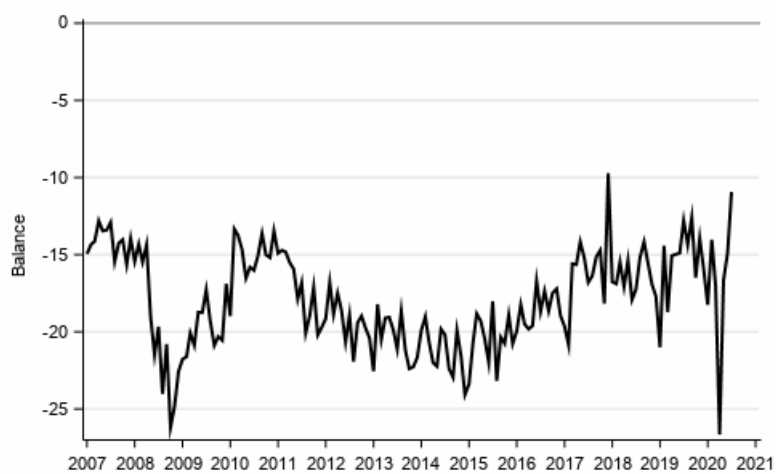
**Appendix figure 7. Own financial situation and saving possibilities**



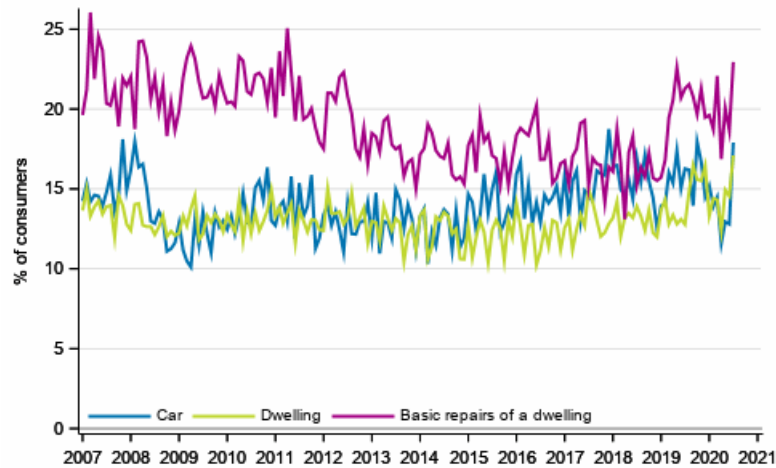
**Appendix figure 8. Intention to raise a loan, next 12 months**



**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, July. Statistics Finland