

ECONOMY AND LABOUR MARKET

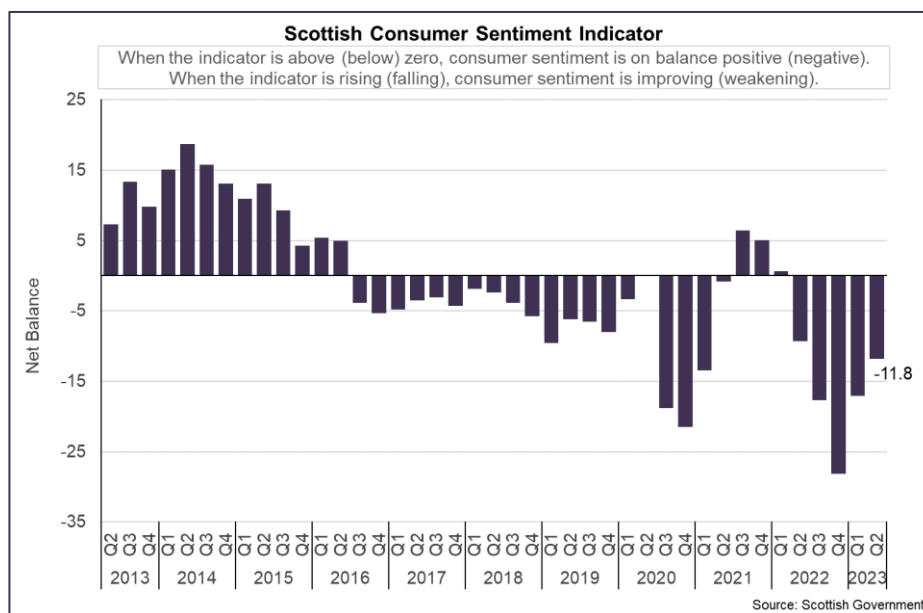
Scottish Consumer Sentiment Indicator

Quarter 2 2023

26 July 2023

1. Main Findings

In Q2 2023, the Scottish Consumer Sentiment Indicator stood at -11.8. Compared to Q1 2023, the overall (composite) indicator increased by 5.3 points, implying a recent improvement in sentiment; however it remains weaker than any point prior to the pandemic indicating that households continue to be impacted by the ongoing economic and financial challenges.



2. Important information about this release

The Scottish Consumer Sentiment Indicator is a composite measure of consumer sentiment in Scotland based on a quarterly survey of households' current sentiment and future expectations of: Scottish economic performance, security of households' financial position, and attitudes to spending money. Excel tables of the results are available online alongside the publication, and include a monthly breakdown of the results.

The Scottish Consumer Sentiment Indicator is an experimental statistical release. It remains in development and we welcome views on the content, style and presentation.

The latest survey for Q2 2023 was conducted online between 1 April and 30 June 2023, with a total sample size of 3,070 adults. The indicator represents the balance of respondents who report that consumer sentiment is positive/negative.

3. Results Breakdown

Composite Indicator

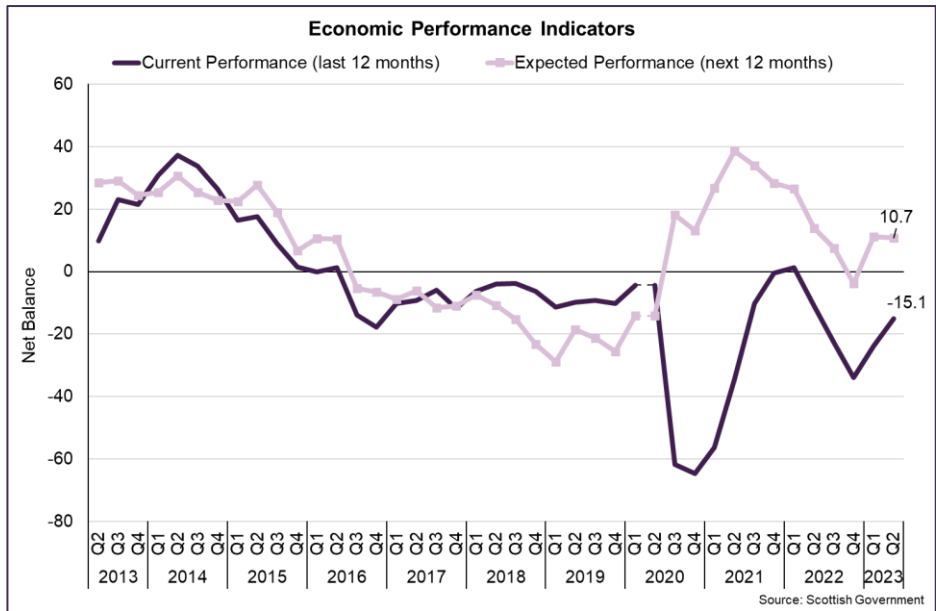
In Q2 2023, the composite Consumer Sentiment Indicator was -11.8 and increased by 5.3 points compared to Q1 2023, indicating that consumer sentiment improved over the quarter. Four out of five sub-indicators of sentiment, covering the economy, household finances and attitude to spending, increased over the quarter. Expected economic performance for the coming year was the only indicator to decrease over the quarter, however it is the only indicator with a positive score (10.7), while the attitude to spending indicator remains the most negative indicator (-31.8).

| Results | Net Balances | | Change between Q1 2023 and Q2 2023 |
|--|--------------------------|----------------------------|------------------------------------|
| | Latest Quarter (Q2 2023) | Previous Quarter (Q1 2023) | |
| Consumer Sentiment composite indicator | -11.8 | -17.1 | 5.3 |
| <i>Current indicators</i> | | | |
| (a) Economy performance | -15.1 | -23.8 | 8.7 |
| (c) Households' finances | -18.4 | -22.5 | 4.1 |
| (e) Attitude to spending | -31.8 | -40.5 | 8.7 |
| <i>Expectation indicators</i> | | | |
| (b) Economy performance - next 12 months | 10.7 | 11.1 | -0.3 |
| (d) Households' finances - next 12 months | -4.5 | -9.6 | 5.2 |
| <small>Note: The consumer sentiment indicator score is the average of the net balances for each question topic. The net balance is the difference between the percentage of respondents reporting an improvement and those reporting a weakening. Scores are subject to rounding therefore differences in scores over the quarter may not sum.</small> | | | |

Economic Performance

The Economic Performance indicators reflect how respondents consider Scotland's economy is currently performing relative to 12 months earlier and how they expect it will be performing in 12 months' time relative to current performance.

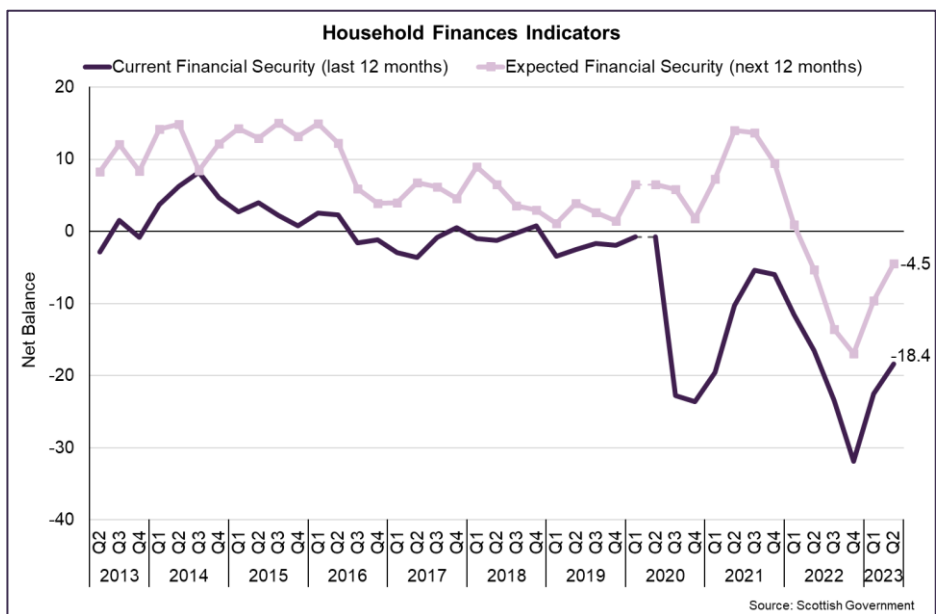
The indicator for Scotland's current economic performance in Q2 2023 is -15.1, meaning that the balance of respondents consider the economy is performing worse than 12 months ago. The indicator increased by 8.7 points over the quarter though remains 4.0 points lower than the same quarter last year.



The indicator for Scotland’s expected economic performance is 10.7, meaning that the balance of respondents expect economic performance to be better in 12 months’ time. The indicator decreased by 0.3 points over the quarter, the only decrease out of the five sub-indicators, yet remains in positive territory for the second consecutive quarter having been negative (-3.8) in Q4 2022. However, the indicator is 3.2 points lower than in Q2 2022 indicating that sentiment regarding the economic outlook has weakened over the year.

Household Finances

The Household Finances indicators reflect how secure respondents consider their current household financial position to be relative to 12 months earlier and how secure they expect it to be in 12 months’ time relative to its current position.

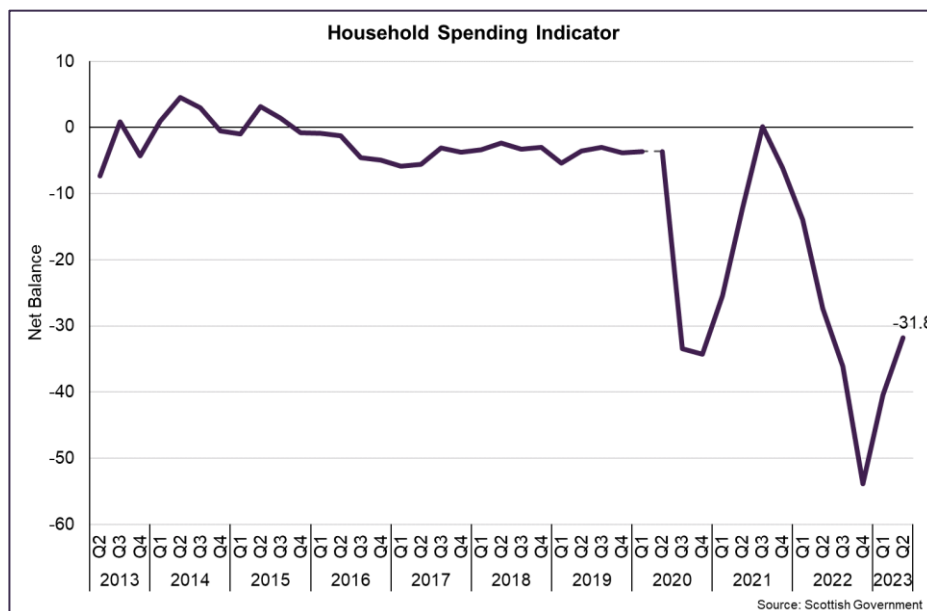


The indicator for current security of households' financial position is -18.4 in Q2 2023 implying that the balance of respondents consider their current household financial security to be in a worse position than 12 months ago. The indicator increased by 4.1 points over the quarter indicating a strengthening in sentiment since its recent low in Q4 2022. However, the indicator remains 1.9 points lower than in Q2 2022 indicating a reduction in household sentiment regarding their financial security over the past year.

The indicator for expected security of households' financial position in Q2 2023 was -4.5, an increase of 5.2 points over the quarter, further recovering from its lowest level in the time series in Q4 2022 (-17.0). However the indicator remains in its fifth consecutive quarter in negative territory, implying that the balance of respondents expect their households' financial security to worsen in 12 months' time.

Household Spending

The Household Spending indicator reflects how relaxed respondents currently feel about spending money relative to 12 months earlier.



The indicator for household attitude to spending was -31.8 in Q2 2023 reflecting that the balance of respondents are less relaxed about spending money than 12 months ago. The indicator increased by 8.7 points over the quarter, however remains 4.4 points lower than in Q2 2022 indicating that households remain significantly less relaxed about spending money than in the same quarter last year.

4. Understanding the Scottish Consumer Sentiment Indicator

The Scottish Consumer Sentiment Indicator has been compiled quarterly since Q2 2013, initially based on a face-to-face survey of approximately 2,250 adults in Scotland. As a

result of the coronavirus pandemic, the consumer sentiment survey was paused in March 2020 and restarted as an online survey in June 2020 with a quarterly sample of c. 3,000 adults in Scotland.¹

The survey asks respondents questions to ascertain whether sentiment has improved, declined or remained unchanged across 5 indicators:

- a. Current Scottish economic performance over the past 12 months;
- b. Expected Scottish economic performance over the next 12 months;
- c. Current security of households' financial position over the past 12 months;
- d. Expected security of households' financial position over the next 12 months;
- e. Current attitude to spending money over the past 12 months.

Indicator scores for each question are presented in the form of net balances. The net balances are calculated by subtracting the percentage of respondents that report a decline in sentiment from the percentage of respondents that report an improvement in sentiment, excluding respondents that report unchanged sentiment. In each quarter this shows whether the balance of responses is positive, negative or balanced. From this, the composite Consumer Sentiment Indicator score is derived as the average of the net balances for each of the five indicators.

On a quarterly basis, the distribution of responses to questions and the net balances provide a snapshot of consumer sentiment. The change in net balances between time periods can also show whether sentiment is improving or weakening. Taken together, the latest net balance scores, and the change compared to previous periods, provide an early signal of potential changes in household spending, a key component of Scottish GDP.

This publication is currently classed as experimental statistics. These are defined in the Code of Practice for Statistics as new official statistics undergoing evaluation. These statistics are currently being developed and have been published to involve users and stakeholders in their development, and to build in quality and understanding at an early stage.

5. Background Information

The following supporting documents have been published:

- Excel tables of results, including monthly data.

The Scottish Consumer Sentiment Indicator also features in the Monthly Economic Brief and the Chief Economist's State of the Economy Report. Links to the latest versions of these publications can be found and accessed at:

¹ Due to the coronavirus pandemic, data were not collected in the last two weeks of March 2020 and in April and May 2020. Therefore there are no results for Q2 2020 as a whole and in Q1 2020 results are based on 2,129 adults instead of 2,250.

Monthly Economic Brief: <https://www.gov.scot/collections/monthly-economic-briefs/>
State of the Economy Report: <https://www.gov.scot/collections/state-of-the-economy/>

The next quarterly publication of the Scottish Consumer Sentiment Indicator is due in October 2023.

6. Feedback and Contact Information

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How to access background or source data

Data may be made available on request, subject to consideration of legal and ethical factors. Please contact economic.statistics@gov.scot for further information.

Complaints and Suggestions

If you are not satisfied with our service or have any comments or suggestions, please email the Chief Statistician at: statistics.inquiries@gov.scot

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