

# Soaring prices prompt slump in Northern Ireland's consumer confidence

Consumer confidence in Northern Ireland has been hit hard by soaring costs and worries over the strength of the wider economy.

That was the message from Danske Bank's latest Northern Ireland Consumer Confidence Index which fell sharply in the third quarter of the year, representing waning confidence in current and future finances, job security, and a fall in expected spending on expensive items.

The rising cost of living is the main cause for concern, while global risks including the war in Ukraine and the impact of Brexit on the Northern Ireland economy are also denting the consumer mood.

The news comes as the cost-of-living crisis continues to worsen in light of still-high energy prices and increasing interest rates. The onset of winter and the approaching end of many fixed rate mortgage deals are expected to add to cost pressures in the months ahead and put pressure on already hard-pressed consumers.

Danske Bank Chief Economist Conor Lambe said UK inflation is now more than five times the 2% target used as a guideline by the Bank of England.

"Beneath the headline figures, price pressures are evident across a wide range of goods and services including household energy, motor fuels and food. Looking forward, demand in the economy is projected to be weaker in 2023 and the rate of inflation is expected to decline gradually.

“However, the rate of price rises is still expected to exceed the 2% target when averaged over the year, with annual consumer spending being squeezed as a result.”

The survey revealed a hard pressed consumer.

Tellingly, more than half of those surveyed said their financial position has worsened in the last year, with only 18% reporting better finances. Meanwhile, nearly 12% said job security has worsened while the same number expect to become more secure in their roles.

Expectations around job security fell over the quarter with 12 percent of people expecting to become more secure in their job, 58 percent of respondents feeling their job security would remain unchanged and 12 percent expecting their job security to worsen.

In terms of spending, 18 percent of consumers expected to spend more on expensive items over the next year, compared with 55 percent who expected to spend less.