

# Consumer confidence hits record low amid 'acute' cost-of-living concerns

Consumer confidence has hit a record low amid “acute concerns” in the face of the soaring cost of living and bleak economic prospects.


GfK’s long-running Consumer Confidence Index fell three points in August to minus 44, its lowest figure since records began in 1974.

All five measures that make up the index fell last month, including confidence in personal finances and the general economy.

Confidence in the general economy looking back over the previous year has decreased for eight months in a row to reach minus 68 – some 26 points lower than last August.

Similarly, confidence in the economy for the year ahead has also seen a consistent sharp decline over the same period, falling to a new low of minus 60.

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The forecast for personal finances over the next 12 months fell five points on July to minus 31 – some 42 points lower than this time last year.

The Major Purchase Index, a measure of confidence in buying big ticket items, fell by four points in August to minus 38 – a total of 35 points lower than this time last year.

GfK client strategy director Joe Staton said: “These findings point to a sense of capitulation, of financial events moving far beyond the control of ordinary people.

“With headline after headline revealing record inflation eroding household buying power, the strain on the personal finances of many in the UK is alarming.

“Just making ends meet has become a nightmare and the crisis of confidence will only worsen with the darkening days of autumn and the colder months of winter.”

Linda Ellett, UK head of retail and leisure consumer markets at KPMG, said: “Those storm clouds are now fast closing in, with higher costs reducing the discretionary spending power of even more households this autumn and winter.

“So far this year, retail sales have somewhat defied the very low levels of consumer confidence. But a widespread reduction in spending ability will lead to drops in demand and changing buying behaviour, both of which will impact the high street and wider economy.

“The scale of the demand reduction remains unknown, but retailers do know that there will be various trade-down audiences and treat occasions. The key to weathering this storm is to try and capture and retain those customers – from those seeking out more value products, through to those swapping meals out for premium range meals in.”