

UK Consumer Confidence Plummets in September

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The UK consumer confidence index has experienced a significant decline in September, according to data released by GfK. The index fell to -20, down from -10 in August.

All key indicators within the index, including personal finances, general economic situation, and major purchase intentions, showed sharp declines compared to the previous month.

Neil Bellamy, Consumer Insights Director, GfK, says: *"Headline consumer confidence has recorded a big fall this month to -20, taking us back to a similar level seen at the beginning of this year. All five measures are down but there are major corrections in the outlook for our personal financial situation for the next 12 months (down nine points), our views on the general economy for the coming year (down 12 points), and the major purchase index (down ten points). These three measures are key forward-looking indicators so, despite stable inflation and the prospect of further cuts in the base interest rate, this is not encouraging news for the UK's new government. Strong consumer confidence matters because it underpins economic growth and is a significant driver of shoppers' willingness to spend. Following the withdrawal of the winter fuel payments, and clear warnings of further difficult decisions to come on tax, spending and welfare, consumers are nervously awaiting the Budget decisions on 30th October."*

The measure of changes in personal finances during the past year decreased by two points to -9. While this is an improvement compared to September 2023, the outlook for the next 12 months remains pessimistic, with a decline of nine points to -3.

Similarly, the index measuring the general economic situation of the country and expectations for the future both experienced significant drops. The current situation index fell by two points to -37, and the future expectations index decreased by 12 points to -27.

The Major Purchase Index also declined, dropping ten points to -23. However, the Savings Index remained unchanged at +23.

The decline in consumer confidence reflects a combination of factors, including rising inflation, interest rate hikes, and concerns about the overall economic outlook. These factors have contributed to a decrease in consumer spending and a more cautious approach to major purchases.