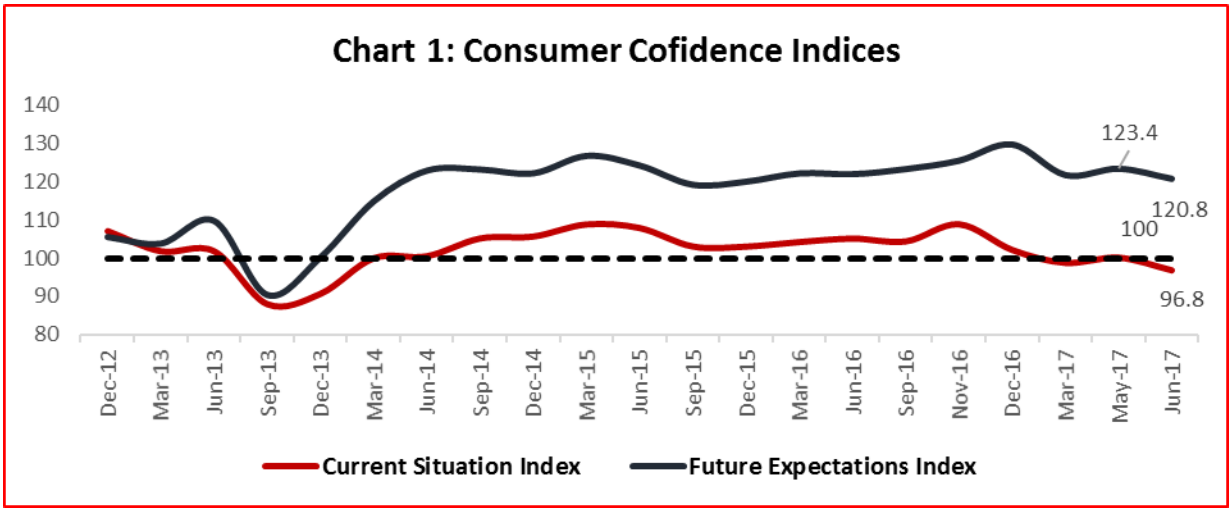
Consumer Confidence Survey

The June 2017 round of the Consumer Confidence Survey (CCS)[1] conducted by the Reserve Bank in six metropolitan cities - Bengaluru; Chennai; Hyderabad; Kolkata; Mumbai; and New Delhi - obtained 5,259 responses on households' perceptions and expectations on the general economic situation, the employment scenario, the overall price situation and their own income and spending.

Highlights:

I. The Current Situation Index (CSI)[2] dipped into the pessimistic zone due to deterioration in sentiment across all the parameters (Chart 1).

II. The Future Expectations Index (FEI) also dipped to 120.8 from 123.4 in the May 2017 round with the outlook on all parameters barring the price level worsening (Chart 1).



III. Households' current perceptions on the general economic situation deteriorated in the June 2017 round; it has remained in the pessimistic zone for the last three rounds with outlook for a year ahead worsening in the recent period (Table 1).

IV. Perception on income levels of the respondents appears to have remained the same over the past year, but the views exhibit wide divergence; the outlook on income, though optimistic, has fallen from the May 2017 round (Table 2).

[1] The survey results are based on the views of the respondents only.

[2] CSI and FEI are compiled on the basis of net responses on the economic situation, income, spending, employment and the price level for the current period and a year ahead, respectively. CSI/FEI = 100 + Average of Net Responses of the above parameters.

V. Respondents' perceptions as well as outlook on overall spending remained highly optimistic with a marginal dip in the net response from the May 2017 round (Table 3).

Summary based on Net Response						
Main Variables	**Current Perception compared with 1-year ago**			**One year ahead Expectations compared with current situation**		
	May-17	**Jun-17**	**Change**	**May-17**	**Jun-17**	**Change**
Economic Situation	-1.3	-7.5	↓	28.3	23.1	↓
Income	4.4	1.4	↓	43.6	37.7	↓
Spending	81.8	79.8	↓	84.0	80.7	↓
Employment	-6.8	-8.1	↓	32.0	28.4	↓
Price Level	-78.0	-81.8	↓	-70.9	-66.0	↑
Consumer Confidence Index	**100.0**	**96.8**	↓	**123.4**	**120.8**	↓

↑ **Positive** Sentiments with sign of **improvement** compared to last round	↑ **Negative** Sentiments with sign of **improvement** compared to last round
↓ **Positive** Sentiments with sign of **deterioration** compared to last round	↓ **Negative** Sentiments with sign of **deterioration** compared to last round

VI. The outlook on discretionary spending has also improved in the recent period (Table 5).

VII. Households' perceptions on employment have turned pessimistic in the last four rounds, though majority of respondents expect it to improve going forward (Table 6).

VIII. Respondents' sentiments on the price level have turned more pessimistic in the recent period and softening of the outlook on inflation in the second half of 2016 has been reversed (Table 7 & 8).

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Table 1: Perceptions and Expectations on Economic Situation

Survey Round	Current Perception				One year Ahead Expectation			
	Improved	Remained Same	Worsened	Net Response	Will improve	Will remain same	Will worsen	Net Response
Mar-16	39.9	30.3	29.8	10.1	54.6	27.2	18.2	36.4
June-16	40.2	27.9	31.9	8.2	54.2	25.5	20.4	33.8
Sept-16	44.6	30.1	25.3	19.4	57.7	24.3	18.0	39.6
Nov-16	49.5	26.6	23.9	25.6	63.0	18.7	18.3	44.8
Dec-16	45.7	24.1	30.3	15.4	66.3	16.6	17.1	49.2
Mar-17	35.6	24.4	40.0	-4.5	52.1	21.4	26.5	25.6
May-17	36.4	25.9	37.7	-1.3	52.4	23.5	24.1	28.3
Jun-17	32.4	27.7	39.9	-7.5	48.6	25.9	25.5	23.1

Table 2: Perceptions and Expectations on Income

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Mar-16	31.3	48.9	19.8	11.5	52.1	39.3	8.6	43.5
June-16	29.9	51.8	18.4	11.5	51.2	39.9	8.9	42.3
Sept-16	31.2	48.6	20.2	11.1	52.3	36.4	11.3	41.1
Nov-16	37.3	45.5	17.2	20.1	57.1	33.4	9.4	47.7
Dec-16	27.1	47.1	25.8	1.3	54.8	33.5	11.7	43.1
Mar-17	27.7	47.3	25.0	2.7	51.8	36.5	11.7	40.1
May-17	28.2	48.0	23.8	4.4	52.8	38.1	9.1	43.6
Jun-17	23.8	53.8	22.4	1.4	47.1	43.5	9.4	37.7

Table 3: Perceptions and Expectations on Spending

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Mar-16	78.0	9.9	12.1	65.9	78.5	10.6	11.0	67.5
June-16	82.7	8.4	8.8	73.9	82.2	10.2	7.6	74.6
Sept-16	70.3	24.1	5.7	64.6	79.1	17.0	3.9	75.2
Nov-16	73.2	23.6	3.2	70.0	77.3	20.3	2.5	74.8
Dec-16	73.5	20.8	5.6	67.9	78.3	15.8	5.9	72.4
Mar-17	84.4	13.4	2.1	82.3	88.5	8.3	3.1	85.4
May-17	83.4	14.9	1.6	81.8	86.0	11.9	2.0	84.0
Jun-17	81.3	17.2	1.5	79.8	83.5	13.7	2.8	80.7

Table 4: Perceptions and Expectations on Spending-Essential Items

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Mar-16	79.6	9.3	11.1	68.5	78.6	11.9	9.6	69.0
June-16	83.0	8.2	8.8	74.3	81.1	10.6	8.3	72.8
Sept-16	79.1	16.9	4.0	75.1	82.5	12.7	4.8	77.6
Nov-16	81.7	15.2	3.1	78.6	85.1	10.9	4.0	81.1
Dec-16	76.9	18.4	4.7	72.2	77.5	14.9	7.7	69.8
Mar-17	85.8	11.1	3.1	82.7	87.0	9.2	3.8	83.2
May-17	85.7	11.6	2.8	82.9	86.9	9.6	3.5	83.4
Jun-17	82.2	15.3	2.5	79.7	81.9	13.5	4.6	77.2

Table 5: Perceptions and Expectations on Spending-Non-Essential Items

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Mar-16	37.7	31.7	30.6	7.1	44.7	33.2	22.1	22.6
June-16	43.9	32.3	23.8	20.1	51.2	30.3	18.5	32.7
Sept-16	50.2	37.6	12.2	38.0	60.6	29.5	9.9	50.7
Nov-16	52.2	36.8	11.1	41.1	62.7	27.6	9.7	53.0
Dec-16	37.3	44.7	18.1	19.2	49.6	35.8	14.7	34.9
Mar-17	48.9	36.4	14.7	34.2	57.8	30.3	11.8	46.0
May-17	51.9	34.6	13.5	38.3	59.9	31.1	9.0	50.9
Jun-17	51.6	35.5	13.0	38.6	56.3	32.6	11.1	45.2

Table 6: Perceptions and Expectations on Employment

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Improved	Remained Same	Worsened	Net Response	Will improve	Will remain same	Will worsen	Net Response
Mar-16	34.3	31.1	34.6	-0.3	50.4	31.4	18.1	32.3
June-16	35.6	28.7	35.7	-0.2	51.1	29.6	19.3	31.8
Sept-16	31.7	36.4	31.9	-0.2	50.5	30.5	19.0	31.5
Nov-16	37.6	30.9	31.4	6.2	55.7	26.6	17.7	37.9
Dec-16	31.0	29.8	39.2	-8.3	57.3	24.1	18.6	38.7
Mar-17	32.6	28.4	39.0	-6.4	52.8	24.5	22.7	30.1
May-17	32.5	28.3	39.2	-6.8	52.7	26.7	20.7	32.0
Jun-17	30.8	30.3	38.9	-8.1	49.6	29.3	21.2	28.4

Table 7: Perceptions and Expectations on Price Level

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Mar-16	77.3	12.4	10.4	-66.9	78.6	11.7	9.7	-68.8
June-16	78.1	12.5	9.4	-68.7	80.5	11.5	8.0	-72.6
Sept-16	78.2	17.2	4.6	-73.6	77.8	15.4	6.9	-70.9
Nov-16	82.2	14.3	3.6	-78.6	82.9	11.9	5.2	-77.7
Dec-16	73.9	18.3	7.7	-66.2	69.5	16.0	14.5	-55.0
Mar-17	85.8	9.1	5.1	-80.7	81.0	10.4	8.6	-72.4
May-17	83.3	11.3	5.4	-78.0	79.7	11.5	8.8	-70.9
Jun-17	85.2	11.4	3.4	-81.8	76.1	13.8	10.1	-66.0

Table 8: Perceptions and Expectations on Rate of Change in Price Level (Inflation)*

(Percentage responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained same	Decreased	Net Response	Will increase	Will remain same	Will decrease	Net Response
Mar-16	82.7	13.9	3.4	-79.3	82.4	13.2	4.4	-78.0
June-16	85.3	12.4	2.3	-83.0	83.3	13.0	3.7	-79.6
Sept-16	61.8	22.4	15.8	-45.9	64.3	22.4	13.3	-51.0
Nov-16	64.5	18.2	17.3	-47.2	66.8	18.6	14.6	-52.1
Dec-16	57.8	18.0	24.2	-33.5	62.4	17.1	20.6	-41.8
Mar-17	80.5	12.5	7.0	-73.5	79.9	13.8	6.3	-73.6
May-17	82.0	10.0	8.0	-74.0	82.6	10.9	6.5	-76.1
Jun-17	79.9	11.5	8.5	-71.4	78.7	13.5	7.9	-70.8

*Applicable only for those respondents who felt price has increased/price will increase.

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