

March consumer confidence stalls

Against an expected rise in the GfK consumer confidence barometer in March, the actual headline figure came out slightly weaker than expected, down 1 point to -15, its first monthly fall since last December. This compares with -30 a year ago when the second bank bailouts were being completed and the stock market hit its post-financial crash low.

Four of the five sub-indices fell with the biggest drop being in optimism about the economy - down 4 points to zero, although this measure is up 30 points on a year ago. Both backward and forward looking personal finances measures are down 2 points - to -15 and +4 respectively. Consumer sentiment towards the spending climate on major purchases continues to be depressed - slipping 1 point to -17 and is only 4 points above the level of March 2009. Only a slight 1-point rise to -49 in the backward looking measure of the economic situation prevented all measures declining.

Some of the spring-like shoots of the February survey - the sharp drop in unemployment expectations and the relative stability of inflation expectations - seem to have withered in the economic climate of the past month. Both renewed job worries and rising prices - fuel being hard not to notice - have been features weakening confidence.

Savings confidence is also weaker this month - more in terms of perception- rather than actual behaviour. The large flows of cash seeking higher yielding deposits are pushing down on deposit rates as demand for mortgages and personal loans continue to be weak. Spending confidence picked up a little on the back of slightly stronger spending intentions on major purchases - up to its highest since last November.

To get a full picture of how the mood of the consumer and the various segments are shaping up against a background of intensifying media excitement about the forthcoming general election subscribe to the UK Consumer Confidence Monitor. Details 0208 944 7510 or email j.gilbert@jgfr.co.uk