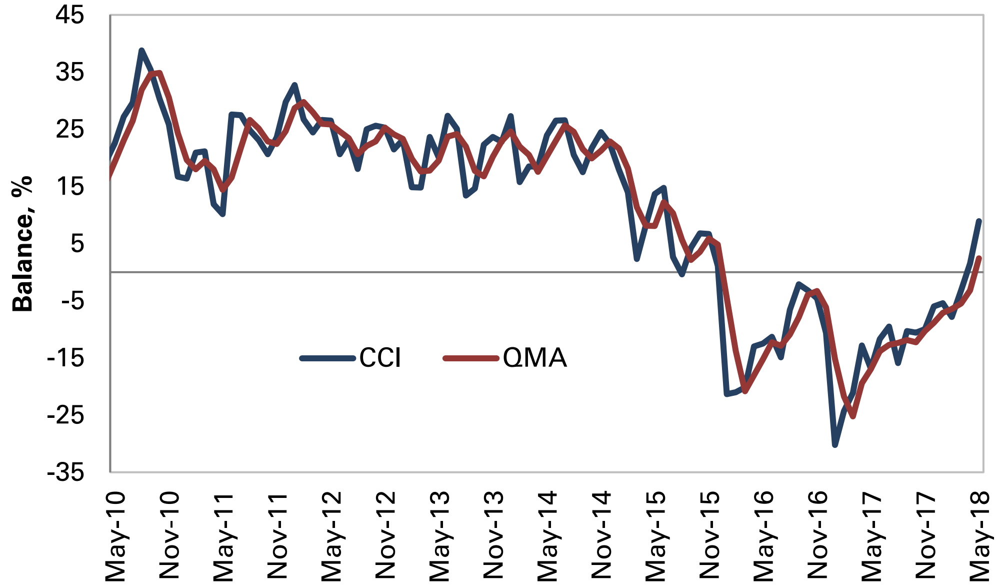
**Consumer Opinion Survey**
May 2018
Bulletin 199

FEDESARROLLO
Centro de Investigación Económica y Social

**In May, the Consumer Confidence Index (CCI) recorded a balance of 8.9%, continuing its progress into positive terrain and recording the highest value since July 2015. Mohtly increase was due to a strong rebound in both consumer's expectations index and economic conditions index. Consumer confidence improved in three of the five surveyed cities relative to previous month. On the other hand, willingness to buy a house decreased compared to previous month but increased with respect to May 2017. Finally, willingness to buy furniture and household appliances showed a strong increase compared to previous month.**

According to the results of the most recent measurement of the Consumer Opinion Survey (COS), in May the Consumer Confidence Index (CCI) recorded a balance of 8.9%. This value represents an increase of 7.4 percentage points (pps) compared to the previous month and an increase of 25.8 pps compared to May 2017 (Graph 1). The index registered its highest value since July 2015 and strengthened the positive trend of the quarterly moving average.

**Graph 1. Consumer Confidence Index (CCI)**




**Source:** Consumer Opinion Survey (COS) – Fedesarrollo
QMA: Quarterly moving average

**Consumer Confidence improvement compared to previous month is due to an increase in both economic conditions index and consumer expectations index.**

The CCI has five components, the details of which are presented in Table 1. The first three refer to the expectations of households in a given year, while the other two refer to the perception of consumers about the current economic situation . The Consumer Expectations Index (CEI) is constructed with the first three and the Economic Conditions Index (ECI) with the remaining two.

The increase in the CCI with respect to previous month is explained by increases of 7.5 pps in the consumer expectations index and of 7.3 pps in the economic conditions indicator. On the other hand, compared to May 2017, the consumer expectations index showed an increase of 25.9 pps and the economic conditions index an increase of 25.6 pps (Graph 2).

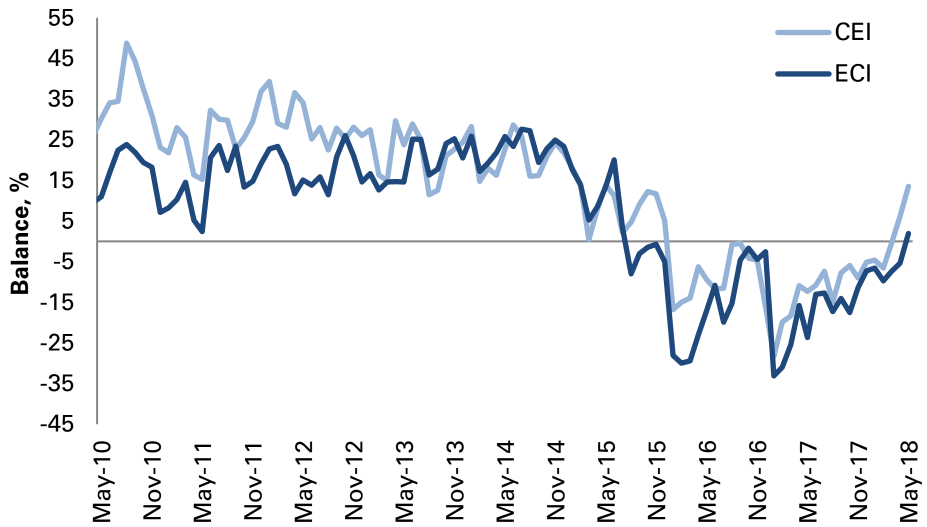
**Table 1. Evolution of the components of the CCI**
**(Balances between favorable and unfavorable responses, %)**

| Variable / Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | May | May | April | May |
| **Consumer Confidence Index - CCI** | **-12.5** | **-16.9** | **1.5** | **8.9** |
| **A.Consumer Expectations Index - CEI** | **-9.4** | **-12.4** | **6.1** | **13.5** |
| -Do you think that within a year your household will economically do better, worse or the same than now? | 18.4 | 23.6 | 28.4 | 32.2 |
| -Do you think that within the next twelve months we will have good or bad economic times? | -28.2 | -43.1 | -13.1 | 1.0 |
| -Do you think that the country's economic conditions will be better or worse within a year than they currently are? | -18.6 | -17.5 | 2.9 | 7.5 |
| **B. Economic Conditions Index - ECI** | **-17.1** | **-23.7** | **-5.4** | **1.9** |
| - Do you think that your household is economically doing better or worse than a year ago? | -11.5 | -25.9 | -10.7 | -7.6 |
| -Do you think this is a good time to purchase big items such as furniture and appliances? | -22.7 | -21.4 | -0.1 | 11.4 |

**Source:** Consumer Opinion Survey (COS) – Fedesarrollo

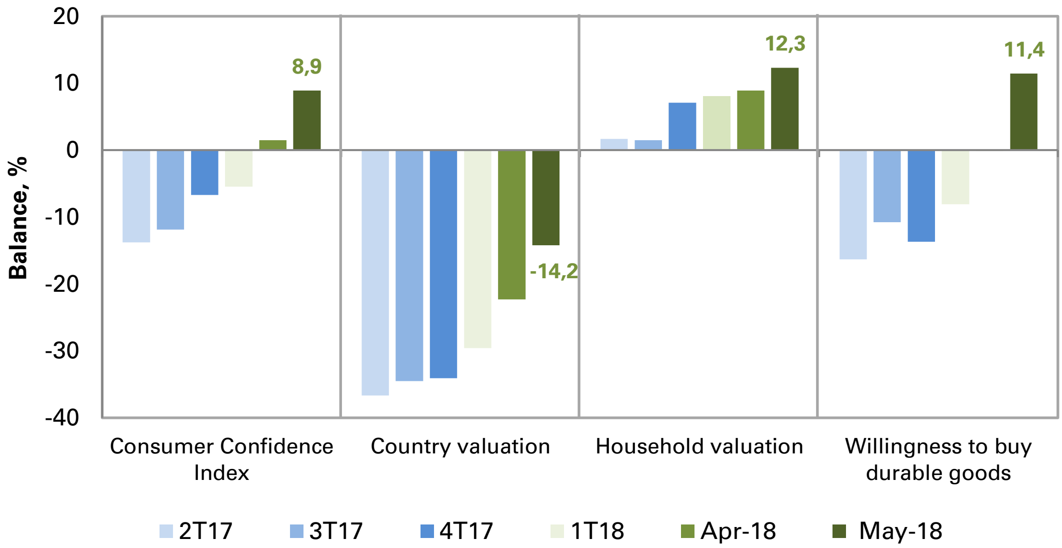
Results for May show an improvement in confidence compared to the first quarter of 2018 and to previous month (Graph 3). This is explained by a strong increase in the willingness of consumers to buy durable goods, a better result in the country's valuation, maintaining a recovery trend since the third quarter of 2017 although it is still in negative territory, and an increase in the valuation of the household, which continues to consolidate in positive terrain.

**Graph 2. Consumer Expectations Index (CEI) – Economic Conditions Index (ECI)**




**Source:** Consumer Opinion Survey (COS) – Fedesarrollo

**Graph 3. Perception of consumers about the situation of the country and the household**




**Source:** Consumer Opinion Survey (COS) – Fedesarrollo

**In May, relative to the previous month, the CCI improved in three of the five surveyed cities, mainly in Medellin. With respect to May 2017, confidence increased in all five cities.**

The results of the ICC disaggregated by city show a monthly increase in Medellin (22.8 pps), Bogotá (7.9 pps), and Barranquilla (0.4 pps), while in Cali and Bucaramanga there was a decrease of 4.0 pps and 10.2 pps respectively. However, confidence in all five surveyed cities located in positive terrain (Table 2). Compared to May 2017, consumer confidence improved in all five cities, especially in Bogotá (Table 2).

### Table 2. Evolution of the CCI by cities

| City, Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | May | May | April | May |
| Bogotá | -18.0 | -23.3 | -1.9 | 6.0 |
| Medellín | -13.4 | -15.9 | -12.0 | 10.8 |
| Cali | -9.1 | -5.4 | 15.9 | 11.9 |
| Barranquilla | 7.0 | 3.3 | 19.4 | 19.8 |
| Bucaramanga | 7.1 | -12.7 | 18.1 | 7.9 |
| **Total** | **-12.5** | **-16.9** | **1.5** | **8.9** |

**Source:** Consumer Opinion Survey (COS) – Fedesarrollo

**Consumer confidence increased in the low and middle socioeconomic levels compared to previous month and compared to May 2017.**

Disaggregating the results of the COS by socioeconomic level, an increase was observed in the low and medium strata, registering increases of 13.2 pps and 3.5 pps respectively. Compared to May 2017, consumer confidence improved in all socioeconomic levels, mainly in the low stratum, where an increase of 29.9 pps was registered.

### Table 3. Evolution of the CCI by income level

| Income level. Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | May | May | April | May |
| High | -17.0 | -22.0 | 7.8 | -1.3 |
| Medium | -11.1 | -13.9 | 4.8 | 8.3 |
| Low | -13.3 | -19.3 | -2.6 | 10.7 |
| **Total** | **-12.5** | **-16.9** | **1.5** | **8.9** |

**Source:** Consumer Opinion Survey (COS) – Fedesarrollo

**Willingness to buy a house decreased in May compared to the previous month but was higher than in May 2017. Compared to previous month, this indicator showed an improvement in three of the five surveyed cities.**

In May, the indicator about the disposition to buy a house recorded a balance of -0.7%, which is equivalent to a reduction of 3.4 pps compared to the previous month and an increase of 10.4 pps relative to May 2017 (Table 4). Results by city show that willingness to buy a house increased in Bogota, Medellin and Barranquilla compared to previous month and compared to May 2017.

### Table 4. Willingness to buy a house by cities

| City. Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | May | May | April | May |
| Bogotá | -23.1 | -25.6 | -10.0 | -6.1 |
| Medellín | 5.5 | 3.8 | 5.4 | 6.1 |
| Cali | 11.8 | 5.6 | 29.1 | -4.2 |
| Barranquilla | 12.8 | 32.7 | 31.6 | 33.2 |
| Bucaramanga | -1.7 | -18.7 | 18.7 | -0.1 |
| **Total** | **-7.4** | **-11.0** | **2.7** | **-0.7** |

**Source:** Consumer Opinion Survey (COS) – Fedesarrollo

**Willingness to buy a house improved in the low socioeconomic level but decreased in the high and medium levels compared to the previous month. Compared to May 2017, this indicator increased in all socioeconomic levels.**

With respect to previous month, in May, willingness to buy a house showed an increase in the low socioeconomic level but a decrease in the high and medium levels. Compared to May 2017, there was an increase of 9.9 pps in the high level, of 3.3 pps in the medium level and of 17.8 pps in the low level.

### Table 5. Willingness to buy a house by socioeconomic level

| Income level , Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | May | May | April | May |
| High | 15.1 | -38.1 | 7.7 | -28.3 |
| Middle | -15.1 | -10.8 | -0.3 | -7.4 |
| Low | -3.1 | -8.1 | 5.3 | 9.7 |
| **Total** | **-7.4** | **-11.0** | **2.7** | **-0.7** |

**Source:** Consumer Opinion Survey (COS) – Fedesarrollo

**Willingness to buy furniture and household appliances showed a strong increase compared to the previous month and compared to May 2017.**

The balance of answers about whether it is a good or bad time to buy goods such as furniture and appliances was 11.4% in May, which represents an increase of 11.6 pps compared to previous month and of 32.9 pps compared to May 2017. Relative to previous month, willingness to buy durable goods increased in three of the five surveyed cities, particularly in Medellin (28.0 pps). Compared to May 2017, the index increased in all five cities (Table 6).

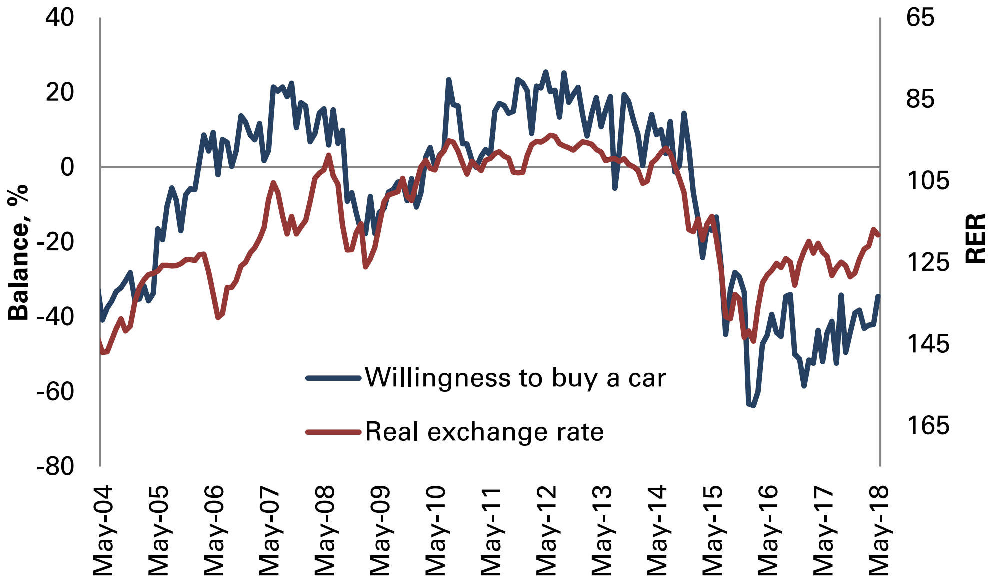
**Table 6. Willingness to buy furniture and home appliances by cities**

| City, Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | May | May | April | May |
| Bogotá | -36.0 | -33.2 | -7.4 | 8.9 |
| Medellín | -12.8 | -9.8 | -8.1 | 19.9 |
| Cali | -18.2 | -3.3 | 21.0 | 6.5 |
| Barranquilla | 5.6 | 5.3 | 28.6 | 36.8 |
| Bucaramanga | -2.3 | -26.3 | 2.6 | -23.5 |
| **Total** | **-22.7** | **-21.4** | **-0.1** | **11.4** |

**Source:** Consumer Opinion Survey (COS) – Fedesarrollo

In May, the balance of **willingness to buy vehicles was -34.5%, with an increase of 7.4 pps compared to the previous month and of 17.4 pps compared to May 2017.** (Graph 4).

**Graph 4. Willingness to buy car vs. real exchange rate**




**Source:** Consumer Opinion Survey (COS) – Fedesarrollo and Central Bank of Colombia

**Contact us if you would like to have access to disaggregated results by city, level of income and other survey questions**

+57 1 3259777 ext. 340
comercial@fedesarrollo.org.co

**Published June 19, 2018**

Comments to Santiago Gomez: sgomez@fedesarrollo.org.co