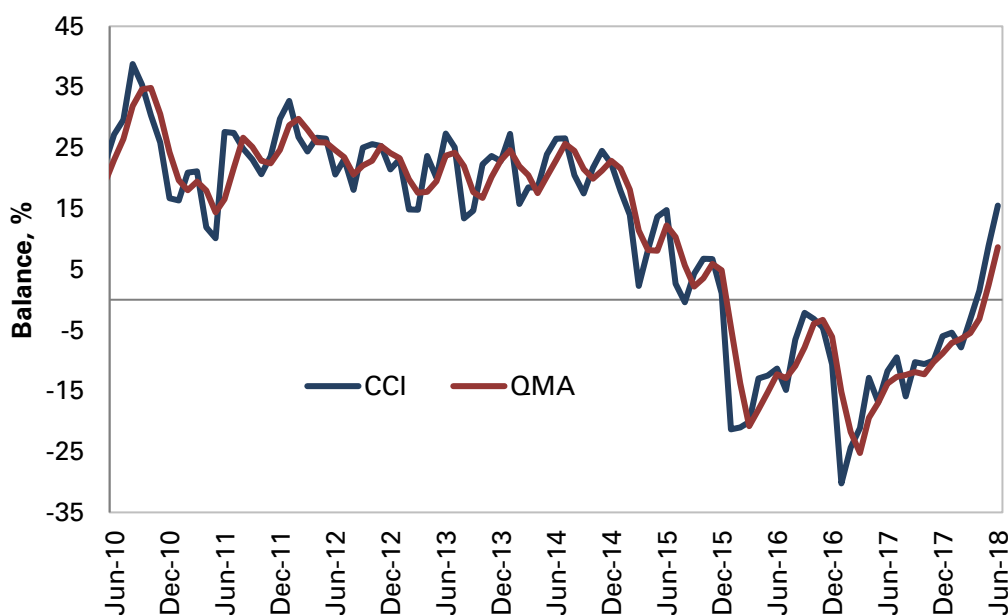


In June, the Consumer Confidence Index (CCI) recorded a balance of 15.5%, continuing progress into positive territory and recording the highest value since February 2015. The increase compared to the previous month was owed to a strong improvement in consumer expectations. Consumer confidence improved in three of the five cities surveyed compared to last month. On the other hand, willingness to buy a house showed a strong increase compared to last month and was higher than the observed in June 2017. Finally, willingness to buy furniture and household appliances was lower than the level registered the previous month, but higher a year ago.

According to the results of the most recent measurement of the Consumer Opinion Survey (COS), in June the Consumer Confidence Index (CCI) recorded a balance of 15.5%. This value represents an increase of 6.6 percentage points (pps) compared to the previous month and an increase of 27.2 pps compared to June 2017 (Graph 1). The index registered positive values every month of the second quarter, also reached its highest value since February 2015 and the quarterly moving average continues with the positive trend shown since March 2017.

Graph 1. Consumer Confidence Index (CCI)



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

Consumer confidence improvement compared to May is due to an increase in the 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 May is explained by the 11.1 pps increase in the consumer expectations index, since the economic conditions index remained the same. Compared to June 2017, the expectations index improved by 35.5 pps, while the economic conditions index improved by 14.9 pps (Graph 2).

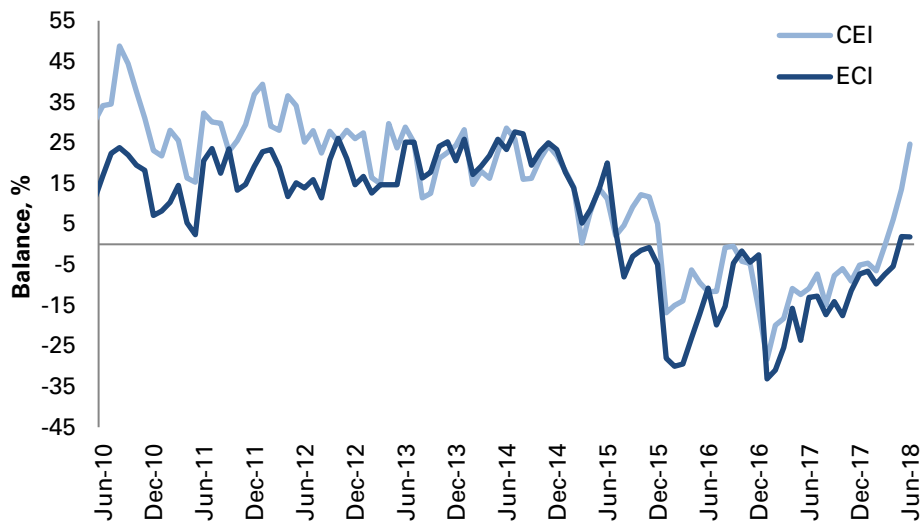
Table 1. Evolution of the components of the CCI
(Balances between favorable and unfavorable responses, %)

Variable / Balance %	2016	2017	2018	
	June	June	May	June
Consumer Confidence Index - CCI	-11.3	-11.7	8.9	15.5
A. Consumer Expectations Index - CEI	-11.7	-10.9	13.5	24.6
-Do you think that within a year your household will economically do better, worse or the same than now?	22.1	23.8	32.2	38.4
-Do you think that within the next twelve months we will have good or bad economic times?	-36.8	-35.2	1.0	21.0
-Do you think that the country's economic conditions will be better or worse within a year than they currently are?	-20.2	-21.2	7.5	14.4
B. Economic Conditions Index - ECI	-10.8	-13.0	1.9	1.9
- Do you think that your household is economically doing better or worse than a year ago?	-7.4	-12.7	-7.6	-4.1
-Do you think this is a good time to purchase big items such as furniture and appliances?	-14.2	-13.4	11.4	7.8

Fuente: Encuesta de Opinión del Consumidor (EOC) – Fedesarrollo.

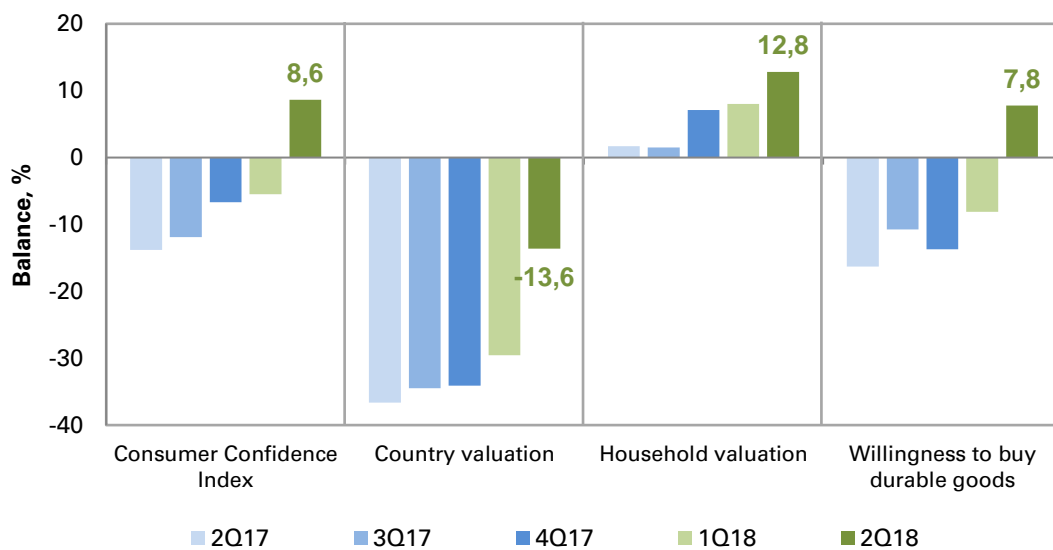
The results of the second quarter of the year showed a strong improvement in confidence compared to the first quarter of 2018 and against 2017 (Graph 3). This is explained by a strong increase in the willingness of consumers to buy durable goods, a better result in the country's valuation, which maintains a positive trend since the third quarter of 2017 although it is still in negative territory, and an increase in the household valuation, which registers increasingly positive levels.

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 June, the CCI improved compared to the previous month in three of the five cities surveyed, mainly in Cali. In the same month of 2017, confidence increased in all the cities analyzed.

The results of the CCI disaggregated by city showed an increase compared to last month in Cali (17.7 pps) Bogotá (5.7 pps), and Medellín (5.6 pps), while in Barranquilla and Bucaramanga there was a decrease of 3.1 pps and 1.3 pps respectively. However, the confidence of all the surveyed cities continues in positive terrain (Table 2). Compared to

June 2017, consumer confidence improved in all the cities surveyed, especially in Medellín (Table 2).

Table 2. Evolution of the CCI by cities

City, Balance %	2016	2017	2018	
	June	June	May	June
Bogotá	-15.0	-15.9	6.0	11.7
Medellín	-11.4	-14.4	10.8	16.4
Cali	-0.8	3.6	11.9	29.7
Barranquilla	-2.2	-6.3	19.8	16.7
Bucaramanga	-16.7	-10.8	7.9	6.6
Total	-11.3	-11.7	8.9	15.5

Fuente: Encuesta de Opinión del Consumidor (EOC) – Fedesarrollo

In June, consumer confidence increased at all socioeconomic levels and particularly high and medium socioeconomic levels.

Disaggregating the results of the COS by socioeconomic level, an increase was observed compared to the last month in all strata, with increases of 24.8 pps in the high level, 10.5 pps in the medium level and 0.5 pps in the low level. Compared to June 2017, consumer confidence improved in all socioeconomic levels, mainly in the high level, where an increase of 39.4 pps was recorded, and in the medium, where the increase was 27.5 pps.

Table 3. Evolution of the CCI by income level

Income level. Balance %	2016	2017	2018	
	June	June	May	June
High	-17.7	-15.9	-1.3	23.5
Medium	-13.5	-8.7	8.3	18.8
Low	-8.4	-14.2	10.7	11.2
Total	-11.3	-11.7	8.9	15.5

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Willingness to buy a house registered a strong increase compared to the previous month and was higher than that observed in June 2017. Compared to last month, this indicator showed an improvement in four of the five cities surveyed.

In June, the indicator about willingness to buy a house recorded a balance of 13.8%, which is equivalent to an increase of 14.4 pps compared to the previous month and an increase of 19.1 pps compared to June 2017 (Table 4). The results by city show that the willingness to buy a house improved in Bogota, Medellín, Cali and Bucaramanga compared to the previous month and compared to June 2017.

Table 4. Willingness to buy a house by cities

City. Balance %	2016	2017	2018	
	June	June	May	June
Bogotá	-6.2	-15.6	-6.1	2.9
Medellín	12.7	3.0	6.1	10.8
Cali	-6.9	20.3	-4.2	50.8
Barranquilla	24.2	7.4	33.2	25.9
Bucaramanga	-30.7	-21.4	-0.1	16.3
Total	0.1	-5.4	-0.7	13.8

Source: Consumer Opinion Survey (COS) – Fedesarrollo

The willingness to buy a house improved at all socioeconomic levels compared to the previous month and compared to June 2017.

Between May and June, the results of the indicator of willingness to buy housing, disaggregated by socioeconomic level, showed an increase in all strata, particularly in the high stratum where an increase of 38.7 pps was recorded. Compared to June 2017, there was an increase of 5.9 pps in the high level, 22.3 pps in the medium level and 17.6 pps in the low level.

Table 5. Willingness to buy a house by socioeconomic level

Income level , Balance %	2016	2017	2018	
	June	June	May	June
High	-14.1	4.5	-28.3	10.4
Middle	-6.1	-7.7	-7.4	14.6
Low	7.7	-4.2	9.7	13.5
Total	0.1	-5.4	-0.7	13.8

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Willingness to buy furniture and household appliances decreased compared to the previous month but was higher than that registered in June 2017.

The balance of answers about whether it is a good or bad time to buy goods such as furniture and household appliances was placed in June at 7.8%, which represents a reduction of 3.7 pps compared to May and an increase of 21.2 pps versus June 2017. Compared to the previous month, willingness to buy durable goods decreased in three of the five cities surveyed, particularly in Medellin (12.7 pps). Compared to the same month of the previous year, the index increased in all the cities (Table 6).

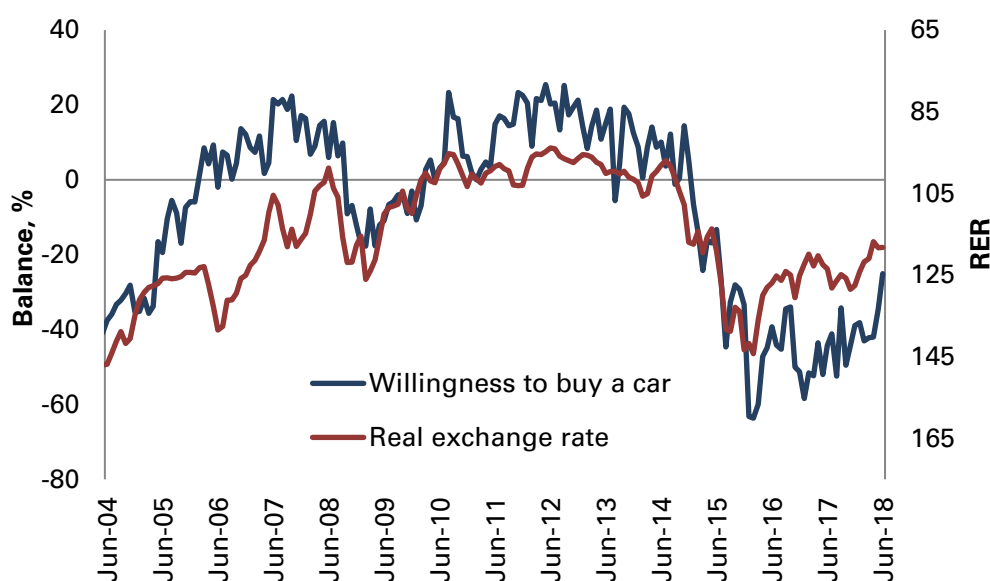
Table 6. Willingness to buy furniture and home appliances by cities

City, Balance %	2016	2017	2018	
	June	June	May	June
Bogotá	-25.2	-20.8	8.9	0.3
Medellín	0.2	-21.5	19.9	7.2
Cali	-8.9	14.2	6.5	27.9
Barranquilla	7.1	9.6	36.8	34.3
Bucaramanga	-34.7	-22.7	-23.5	-15.7
Total	-14.2	-13.4	11.4	7.8

Source: Consumer Opinion Survey (COS) – Fedesarrollo

In June, willingness to buy vehicles improved and stood at **-34.5%**, which is equivalent to an increase of **9.5 pps** compared to the previous month and **19.1 pps** compared to **June 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

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