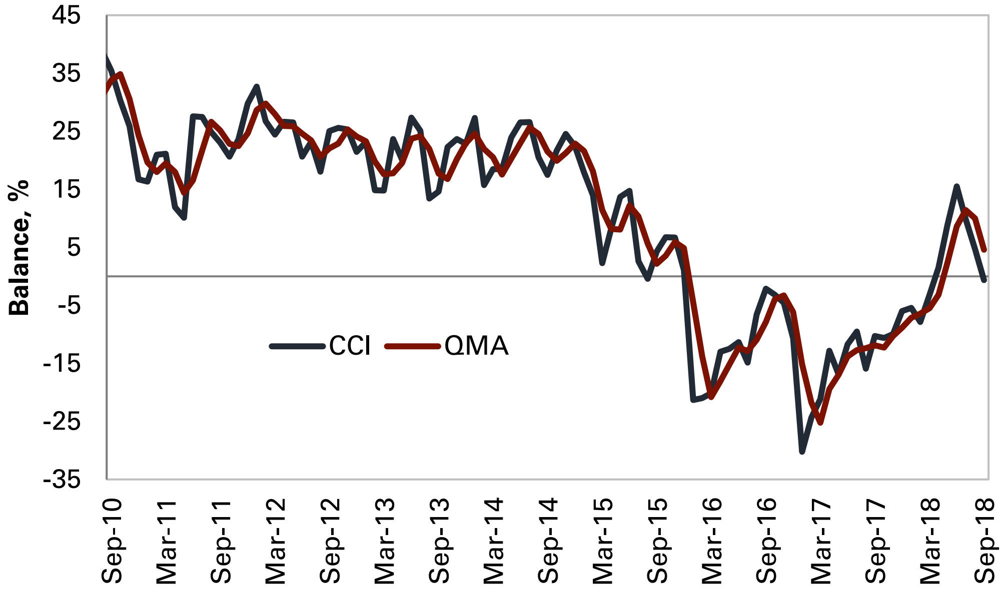
# Consumer Opinion Survey
September 2018
Bulletin 203

FEDESARROLLO
Centro de Investigación Económica y Social

**In September, the Consumer Confidence Index (CCI) returned to negative territory, recording a balance of -0.7%, 5.4 percentage points (pps) less than the previous month. Compared to the same month of 2017, the CCI increased by 9.6 pps. The reduction relative to previous month was due to a deterioration in both the Consumer Expectations Index and the Economic Conditions Index. Consumer confidence deteriorated in all cities surveyed compared to the previous month, but relative to a year ago it improved in four of the five cities surveyed. Finally, compared to last month, willingness to buy a house increased, but willingness to buy furniture and household appliances decreased.**

According to the latest Consumer Opinion Survey (COS) , the Consumer Confidence Index (CCI) recorded a balance of -0.7%. This value represents a fall of 5.4 percentage points (pps) compared to the previous month and an increase of 9.6 pps relative to the same month of 2017 (Graph 1). Even though consumer confidence declined compared to last August and the CCI returned to negative territory again, the quarterly moving average still remains in positive territory.

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




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

**The fall in consumer confidence compared to August was due to the deterioration in both the Consumer Expectations Index and the Economic Conditions 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 decrease of the CCI relative to August is explained by the fall of 4.3 and 6.9 pps in the CEI and ECI respectively. Compared to September 2017, the expectations index improved by 12.9 pps, while the economic conditions index increased by 4.7 pps (Graph 2).

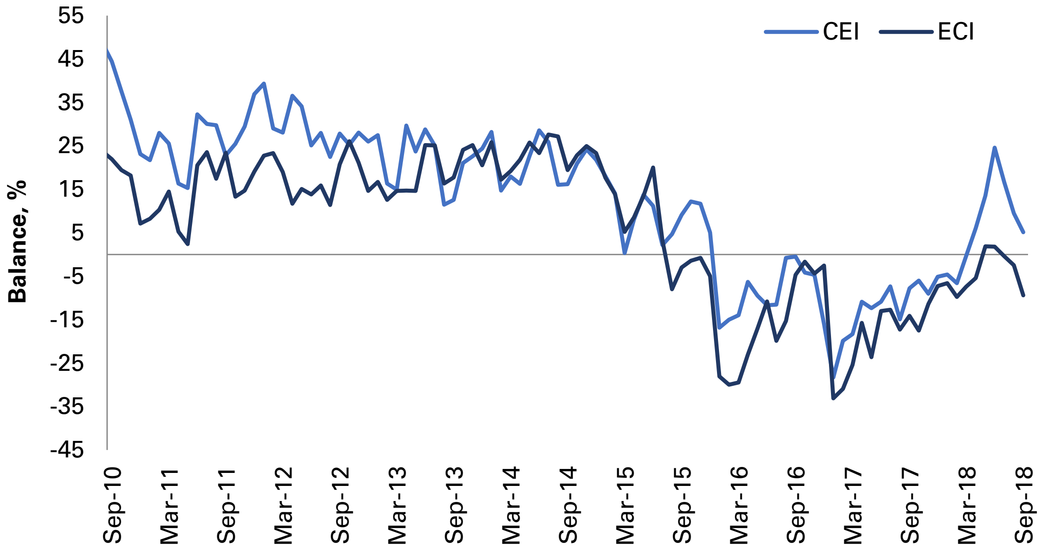
**Table 1. Evolution of the components of the CCI**
(Balances between favorable and unfavorable responses, %)

| Variable / Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | September | September | August | September |
| **Consumer Confidence Index - CCI** | **-2.1** | **-10.3** | **4.7** | **-0.7** |
| **A.Consumer Expectations Index - CEI** | **-0.5** | **-7.7** | **9.4** | **5.1** |
| -Do you think that within a year your household will economically do better, worse or the same than now? | 22.0 | 21.2 | 31.7 | 26.0 |
| -Do you think that within the next twelve months we will have good or bad economic times? | -12.5 | -30.6 | -6.1 | -12.1 |
| -Do you think that the country's economic conditions will be better or worse within a year than they currently are? | -11.0 | -13.9 | 2.7 | 1.4 |
| **B. Economic Conditions Index - ECI** | **-4.6** | **-14.1** | **-2.5** | **-9.4** |
| - Do you think that your household is economically doing better or worse than a year ago? | -4.9 | -16.4 | -11.6 | -21.2 |
| -Do you think this is a good time to purchase big items such as furniture and appliances? | -4.4 | -11.7 | 6.7 | 2.5 |

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

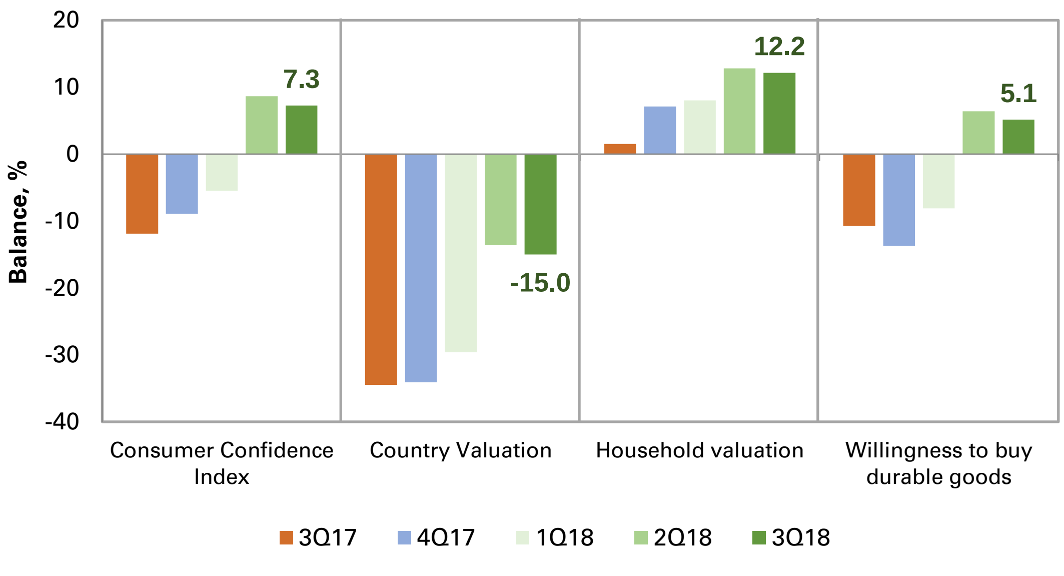
Consumers' assessments of the situation of the country and their households worsened compared to the second quarter of 2018, reversing the dynamics of constant improvement observed since the fourth quarter of 2017. Similarly, consumers' willingness to buy durable goods declined compared to the second quarter of 2018 and stood at 5.1% (Graph 3).

### 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 September, the CCI decreased compared to the previous month in all the cities surveyed, mainly in Barranquilla and Bucaramanga. Compared to the same month of 2017, confidence decreased in Barranquilla but increased in the other cities analyzed.**

Compared to the previous month, in Barranquilla, Bucaramanga and Bogotá the CCI stood in negative territory decreasing 16.2 pps, 14.6 pps and 3.7 pps respectively. On the other hand, although the CCI remained in positive territory in Medellín and Cali, the reductions compared to the previous month were of 5.6 pps and 4.0 pps, respectively.

Relative to September 2017, consumer confidence improved in all the cities surveyed except in Barranquila (Table 2).

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

| City, Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | September | September | August | September |
| Bogotá | -6.2 | -13.1 | 0.7 | -3.1 |
| Medellín | -1.8 | -16.4 | 11.3 | 5.7 |
| Cali | 3.6 | -1.1 | 8.6 | 4.6 |
| Barranquilla | 11.4 | 9.3 | 7.8 | -8.4 |
| Bucaramanga | -1.3 | -17.9 | 13.1 | -1.5 |
| **Total** | **-2.1** | **-10.3** | **4.7** | **-0.7** |

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

**In September, consumer confidence increased in the high socioeconomic level and decreased in the middle and lower strata compared to the previous month. Compared to September 2017, consumer confidence increased at all levels.**

By disaggregating the results of the COS by socioeconomic level, an increase in the CCI was observed in the high level (3.9 pps) and a deterioration in the middle level (9.9 pps) and low (2.0 pps) compared to previous month. However, compared to the same period of 2017, consumer confidence improved at all socioeconomic levels, mainly in the high strata where it increased by 25.7 pps.

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

| Income level. Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | September | September | August | September |
| High | -17.8 | -4.1 | 17.7 | 21.6 |
| Medium | -2.4 | -9.4 | 10.2 | 0.4 |
| Low | -0.1 | -11.9 | -2.7 | -4.7 |
| **Total** | **-2.1** | **-10.3** | **4.7** | **-0.7** |

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

**Willingness to buy a house increased compared to the previous month and was higher than in September 2017. Analyzing by cities, this indicator decreased with respect to the previous month in three of the five cities surveyed**

In September, the indicator of willingness to buy a house registered a balance of 7.5%, which is equivalent to an increase of 4.7 pps compared to the previous month and an increase of 3.3 pps in relation to the same month of 2017 (Table 4). Compared to last month, willingness to buy a house improved in Bogotá and Barranquilla, but worsened in Medellin, Cali and Bucaramanga.

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

| City. Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | September | September | August | September |
| Bogotá | -13.3 | 0.1 | -17.2 | -0.5 |
| Medellín | 10.9 | -7.2 | 31.1 | 10.5 |
| Cali | 10.5 | 15.4 | 40.3 | 24.1 |
| Barranquilla | 24.0 | 37.8 | 11.2 | 32.3 |
| Bucaramanga | 8.7 | 0.7 | 3.0 | -3.6 |
| **Total** | **0.1** | **4.2** | **2.8** | **7.5** |

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

**Despite the improvement of total willingness to buy a house, the analyzes by socioeconomic sectors showed a deterioration at the medium level.**

Between August and September, the results of the indicator of willingness to buy a house, disaggregated by socioeconomic level, showed a strong increase in the low strata (22.3 pps), and a reduction in the high (5.8 pps) and middle (11.5 pps) strata. Compared to September 2017, there was an increase in the high and low strata, and a reduction of 12.4 pps in the middle level.

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

| Income level , Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | September | September | August | September |
| High | 4.6 | 6.4 | 28.7 | 22.9 |
| Middle | -9.6 | 7.7 | 6.8 | -4.7 |
| Low | 8.6 | 0.4 | -4.8 | 17.6 |
| **Total** | **0.1** | **4.2** | **2.8** | **7.5** |

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

**Willingness to buy furniture and household appliances decreased relative to the previous month but was higher than in September 2017.**

The balance of answers about whether it is a good or bad time to buy goods such as furniture and household appliances stood in September at 2.5%. The latter represents a reduction of 4.2 pps compared to August 2018 and an increase of 14.2 pps compared to September 2017. Relative to the previous month, willingness to buy durable goods increased in Cali (11.1 pps) while it decreased in Bucaramanga (1.1 pps), Bogotá (2.7

pps), Medellin (15.2 pps) and Barranquilla (22.8 pps). Compared to September 2017, the index increased in all the cities surveyed except in Barranquilla (Table 6).

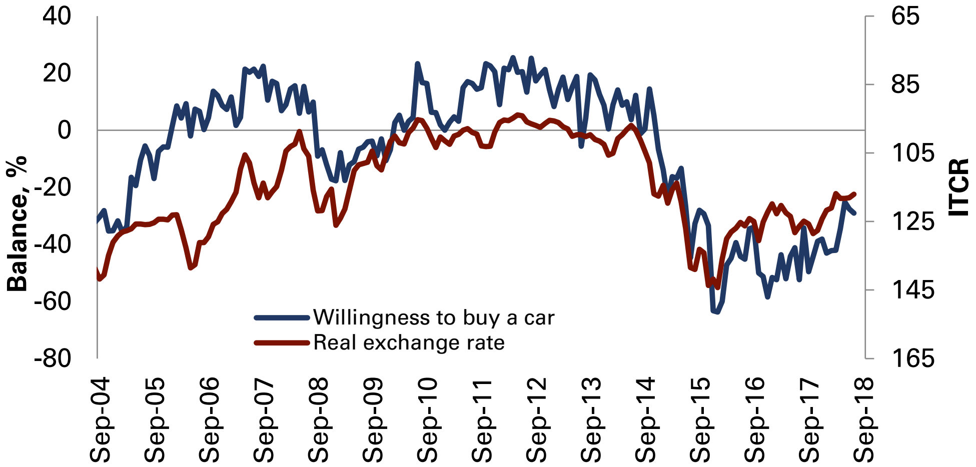
**Table 6. Willingness to buy furniture and home appliances by cities**

| City, Balance % | 2016 | 2017 | 2018 | |
|---|---|---|---|---|
| | September | September | August | September |
| Bogotá | -13.9 | -16.9 | 2.2 | -0.5 |
| Medellín | 1.2 | -21.9 | 15.9 | 0.7 |
| Cali | 2.3 | 12.0 | 6.9 | 18.0 |
| Barranquilla | 29.7 | 7.7 | 18.2 | -4.6 |
| Bucaramanga | -13.9 | -25.1 | 8.3 | 7.2 |
| **Total** | **-4.4** | **-11.7** | **6.7** | **2.5** |

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

**In September, willingness to buy vehicle declined and registered -35.6%. This implies a fall of 6.6 pps and 1.4 pps compared to the previous month and to September 2017, respectively (Graph 4)**

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




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



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