



وزارة التخطيط التنموي والإحصاء  
Ministry of Development Planning and Statistics

## **Qatar's Consumer Confidence Index (CCI)**

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**Q1- March 2016**

**Developmental Indicators Series**

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## Methodology

The methodology used to build the Consumer Confidence Index has been based on international methodologies, especially those of Michigan University and Conference Board.

Measuring the CCI Consumer Confidence Index has depended on two sub-indices and five questions as follows:

1. CSI, consisting of respondents' evaluation of:
  - the present status of economy; and
  - current job opportunities and employment.
2. FEI, consisting of respondents' expectations during the following year regarding:
  - the future status of economy;
  - future job opportunities and employment; and
  - theirs and their families' future financial situation.

### CCI value

The CCI values range from 0 to 200. It is maximum when the respondents' opinions are positive, and neutral at 100 points when the positive and negative opinions are equal. However, A CCI value of less than 100 points suggests negative evaluations of economic conditions in Qatar.

For further information on the methodology, please see the first Issue.

**Current situation:** The respondent's viewpoint vis-à-vis a given issue during the survey period compared to the previous twelve months.

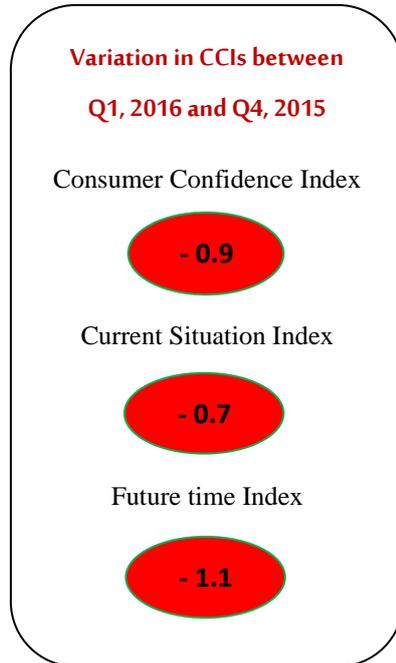
**Future Situation:** The respondent's viewpoint vis-à-vis a given issue during the next twelve months.

**Consumer Confidence Index (CCI) :**

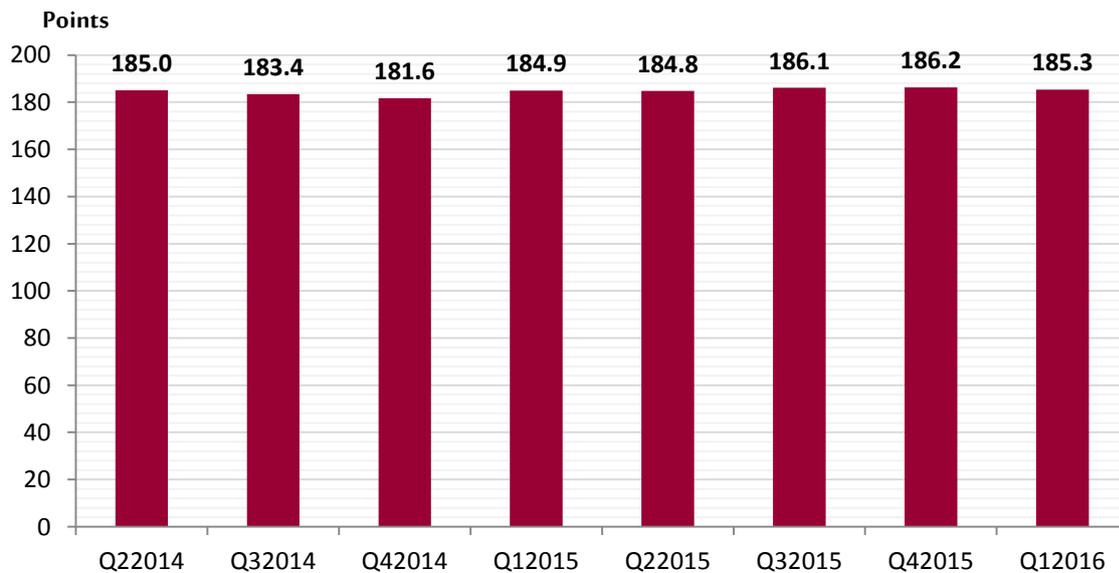
**Doha, March, 2016:** CCI has declined by nearly (-0.9) point in Q1, 2016 compared to Q4, 2015. It settled at (185.3) points on average during Q1, 2016 compared to (186.2) points during Q4, 2015 (see Figure 1).

In Q1, 2016 the consumer optimism levels were affected by several factors, most notably the increase in oil prices at the beginning of Q1, which has a significant impact on household optimism levels, in addition to rising prices in general, higher rental value of housing and electricity bills, along with consumer fears associated with global economy developments and the continued decline in oil prices in international markets.

However, despite this decline, the confidence in the State’s economic performance is still high, where we find that optimism levels in Qatar is the highest compared to many countries around the world, as the index value since its first session (Q3, 2013) settled at high levels on the index ladder (0-200). This, in turn, reflects consumers’ high optimism about the State’s economy as well as their own financial situations. It is worth mentioning that the index value ranges between (0-200 points), where the index reaches top if the views of all respondents are positive.



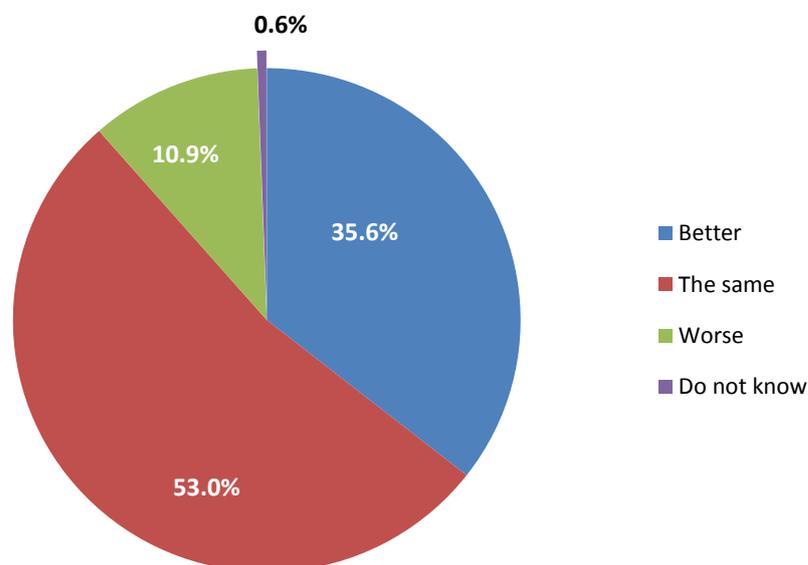
**Figure (1)  
Consumer Confidence Index**



**(35.6%) of households feel better about their financial situation in Q1, 2016 :**

When consumers were asked about their perception of their own financial situations as well as their households' during the survey period compared to the previous year, the results of the survey in Q1, 2016 showed that (35.6%) of respondents felt better about their financial situations compared to (39.1%) in Q4, 2015. Whereas (10.9%) of respondents felt that their financial situations were getting worse, compared to (10.6%) in Q4, 2015. The percentage of households who expressed feelings of stability about their financial situations increased to about (53.0%) in Q4, 2015 compared to (49.9%) in Q4, 2015.

**Figure (2)**  
**Compared to the last 12 months, do you think the current financial situation of you and your household is better, worse or the same?**

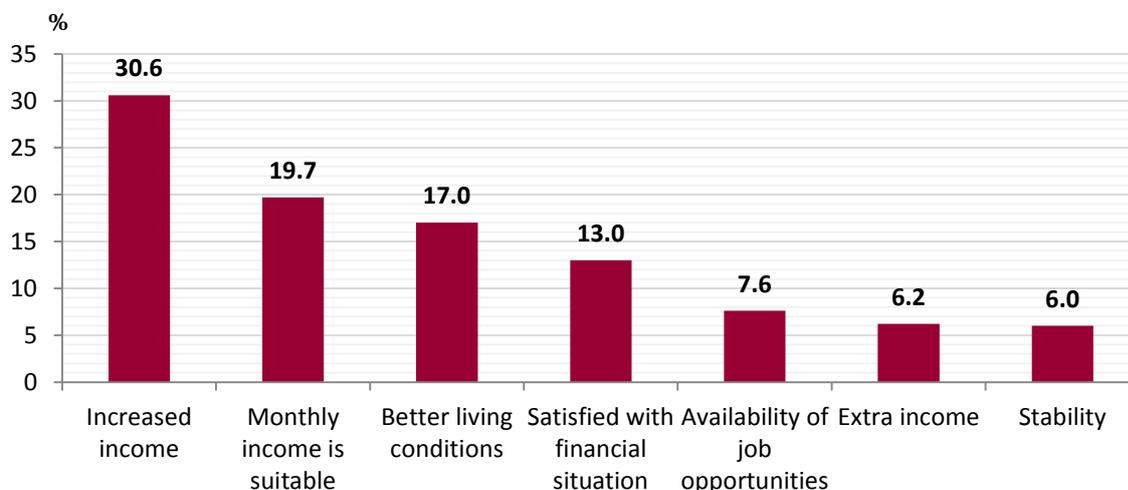


**Feeling better about Household's financial situation :**

The Q1, 2016 survey showed that the main reasons for some households feeling better about their financial situations (35.6%) were the rise in income due to the fact that some employers increased salaries/wages and some employees got promoted at work, moved to other jobs that provided better income and benefits or were able to settling outstanding debts, as well as availability of job opportunities for some household members or extra income from investments in the financial market and other investments.

In general, Figure (3) demonstrates the reasons why households felt better about their financial situations during the survey period compared to the previous twelve months.

**Figure (3)**  
**The reasons why households feel their financial situation has improved compared to last 12 months**

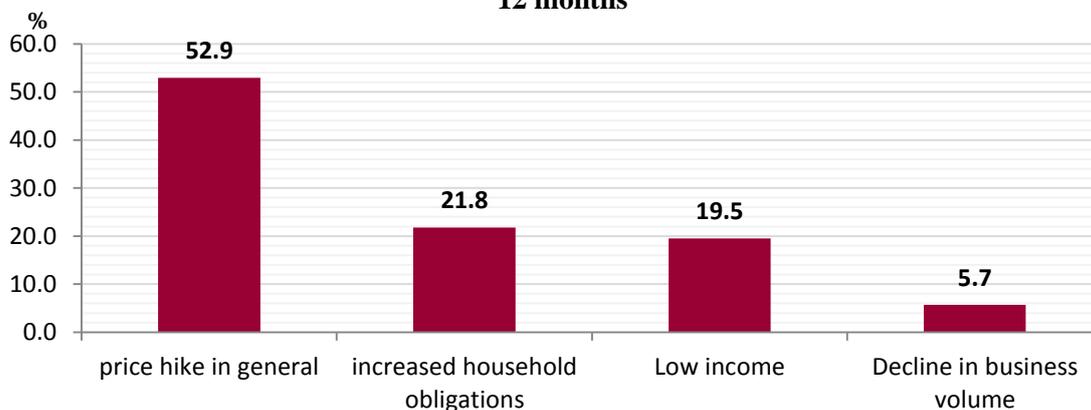


**Feeling worse about household's financial situation:**

On the other hand, with respect to the households who reported feeling worse about their financial situations (10.9%) during the survey period compared to the previous year, their answers came as a result of high fuel prices internally, as they increased by 30% in January, and high rents and expenses of maintenance and repair of housing, as well as income reduction as a result of reducing bonuses, allowances and overtime and job loss experienced by some household members, as well as increased household commitments and burdens.

According to the data published by MDPS, the Consumer Price Index (CPI) rose during Q1, 2016 by about (0.9%) compared to Q4, 2015. There was a price increase in seven groups, namely: "housing, water, electricity, gas and other fuels", "furniture, textiles and home appliances", "transport", "communication", "recreation and culture", "restaurants and hotels" and "miscellaneous goods and services".

**Figure (4)**  
**The reasons why households feel their financial situation has worsened compared to last 12 months**

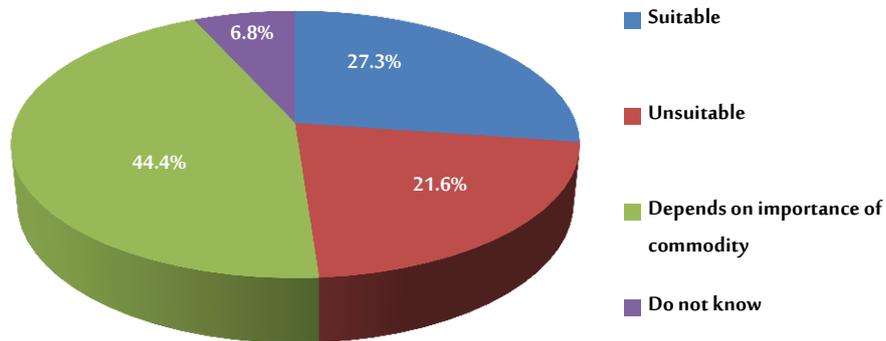


**(27.3%) of households feel the time is right to buy durable goods :**

When consumers were asked about their views on whether it was appropriate to buy long-term (durable) consuming goods at present, the results of the survey in Q1, 2016 indicated a decline in consumer ratio by (27.3%) of those who expressed that the time was right to buy those goods compared to (29.1%), according to the results of the survey in Q4, 2015.

The ratio of consumers who would not buy those goods as long as they are not in an urgent need for them increased for the third time to (44.4%) compared to (41.2%) in Q4, 2015. On the other hand, the ratio of consumers who reported that the current time is unsuitable to buy these goods reached (21.6%) compared to (23.6%), according to the results of the survey in Q4, 2015 (see Figure 5).

**Figure (5)**  
**Do you believe the present time, in general, is suitable for individuals and consumers to buy durable goods (furniture, TV, fridge, washing machine, etc.)?**

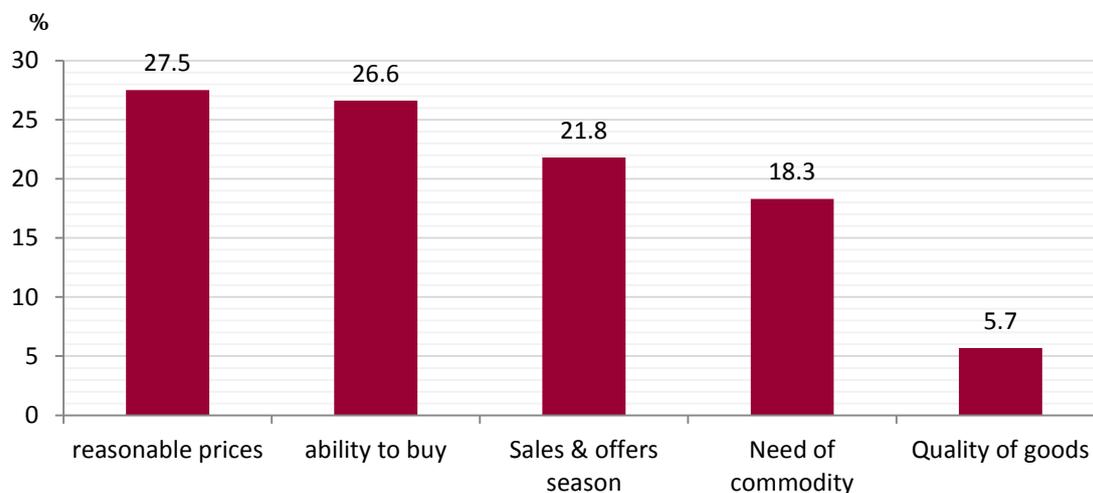


**Reasons why some consumers feel the time is right to buy durable goods :**

When consumers who reported the time was right to buy durable goods (%27.3) were asked about the reasons for this feeling, the results of Q1, 2016 survey indicated that the main reason was "affordable prices" which was expressed by about (27.5%), then the "ability to purchase" by about (26.6%), and in third place came the "offers and discounts" by (21.8%). For further details, please refer to (Figure 6) below.

**Figure (6)**

**Consumers’ reasons to think that the time is appropriate to buy durable goods**

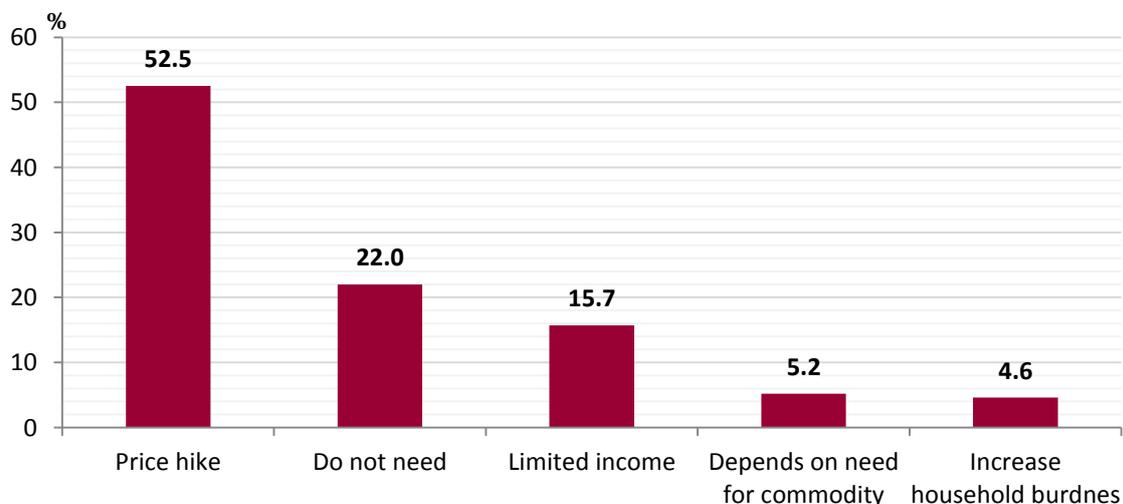


**Reasons why some households feel the time is inappropriate to buy durable goods :**

As for the surveyed consumers who felt the time was inappropriate to buy durable goods, (21.6%) reported that the main reason was “high prices” (52.5%), followed by “lack of need for these goods” (22.2%). This indicates that consumer awareness in Qatar is improving, in view of the lack of interest in buying durable goods and the priority of purchase. These ratios are shown in Figure 7.

**Figure (7)**

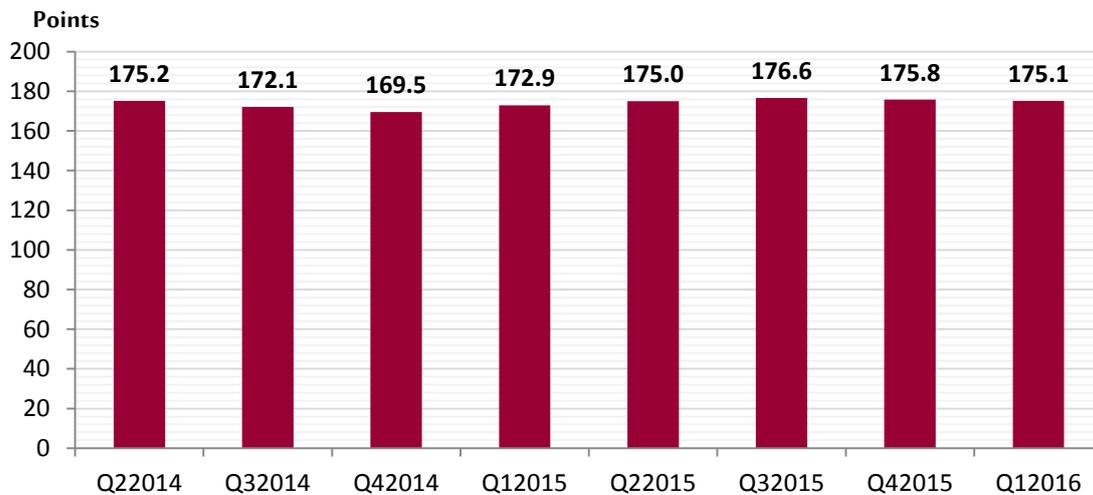
**Households’ reasons for thinking that the present time is inappropriate for durable goods purchase**



**Households continue to express optimism about the current situation :**

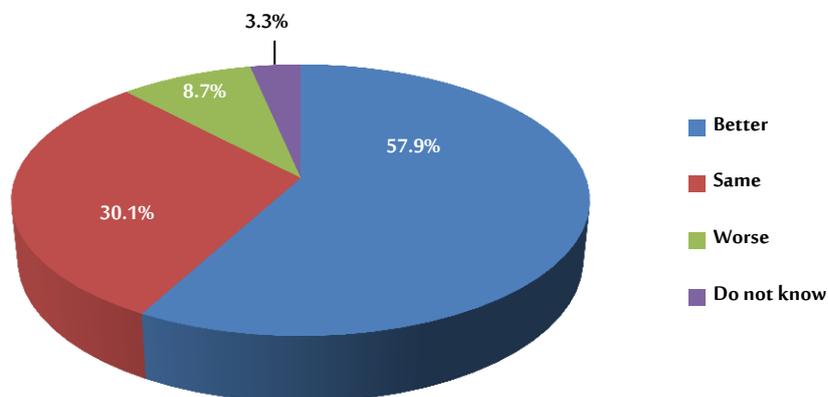
According to the results of Q1, 2016, consumers' optimism about the current situation continued despite the decline in the index value reaching a high point on the index ladder (175.1 points), recording a decline by about (0.7) point compared to Q4, 2015. According to the surveyed respondents, the increase in fuel prices at the beginning of the first quarter had a significant impact on households' optimism, in addition to prices raise in general and high rental value of housing as well as higher electricity charges.

**Figure (8)**  
**Current Situation Index (CSI)**



When asked about current economic situations compared to previous 12 months, 57.9% of consumers felt better about the current economic situations in Qatar, and 30.1% believed that the situations were the same, while 8.7% felt the economic situations were getting worse according to Q1, 2016 survey (see Figure 9).

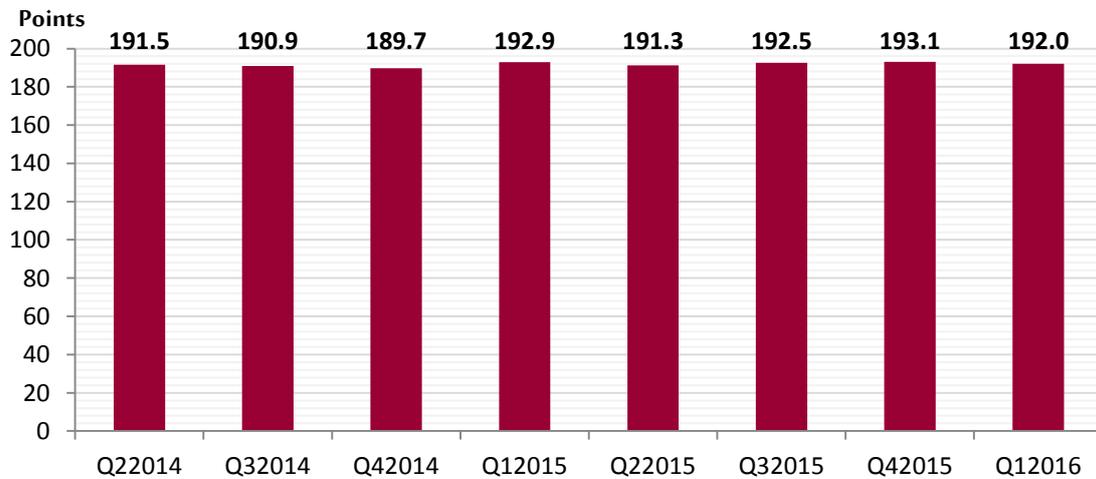
**Figure (9)**  
**With regard to the current economic situation in Qatar, do you think it is better, worse or the same compared to last 12 months?**



**Households express optimism about future situation :**

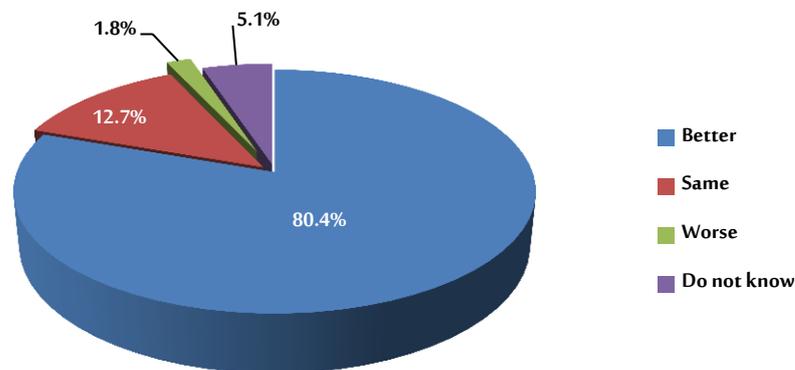
During Q1, 2016, the Future Expectations Sub-Index (FEI) decreased to (192.0) points, compared to (193.1) points in Q4, 2015. Some of the surveyed respondents expected termination of their services following the decline in oil prices internationally. Others expressed their fears of continued high prices following the rise in oil prices locally. Nevertheless, FEI value is the highest compared to other sub-indices that make up the general consumer confidence index, as shown in Figure 10.

**Figure (10)  
Future Expectations Sub-Index (FEI)**



According to respondents' opinions in Q1, 2016, about (80.4%) expected better economic situation in the next twelve months, compared with the present time (survey time), and about (12.7%) anticipated unchanged situation, while only (1.8%) expected a worse economic situation as shown in Figure 11.

**Figure (11)  
Do you think that Qatar's economic situation will be better, worse or the same 12 months from now?**



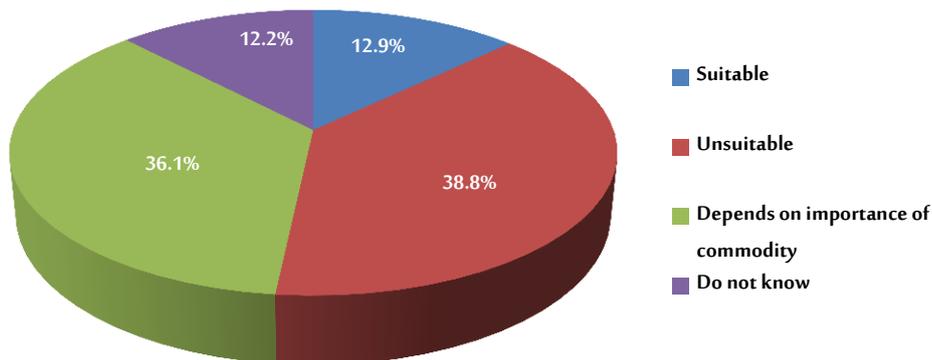
### Household's future plan to buy a new vehicle :

The results of Q1, 2016 survey indicated a decline in consumers who thought the time was suitable to buy a new vehicle over the next 12 months with (12.9%) compared to (15.3%) in Q4, 2015.

A large percentage of consumers expressed their desire to buy a new vehicle due to the aging of their present vehicle, especially since their income allows them to do so.

At the same time, (38.8%) of consumers surveyed in Q1, 2016 said the time was not suitable, compared to (34.0%) in Q4, 2015. Some households reported that car prices have risen in an exaggerated manner, as well as low income due to cancellation of some allowances, in addition to having other commitments during the survey period and future periods which would not enable them to buy a car now (see Figure 12).

**Figure (12)**  
**Do you think the next twelve months will be suitable for buying a vehicle (a compact car, van, SUV, etc.)?**



### Household expectations for future prices :

The results of Q1, 2016 survey revealed that (73.4%) of consumers expected an increase in prices in general within 12 months from the survey time, compared to (76.9%) in Q4, 2015, a decline of 3.5%. Whereas, (16.1%) expected that prices would remain the same, compared to (18.2%) in Q4, 2015. For further details, refer to Figure 13 next page.

The consumer expectations about the increase in prices were as follows: (21.6%) expected an increase in prices ranging from 1% to 5%, while (33.8%) expected an increase from 6% to 10%, and (44.6%) expected prices to increase over 10%, compared to (40.0%) in Q4, 2015.

**Figure (13)**  
**With regard to prices in general, do you expect that they will be higher, lower or remain the same during the next twelve months?**

