



وزارة التخطيط التنموي والإحصاء
Ministry of Development Planning and Statistics

Qatar's Consumer Confidence Index (CCI)

Q2- June 2016

Developmental Indicators Series

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Methodology

The CCI has been structured basically based on international methodologies, especially those of Michigan University and Conference Board.

CCI is measured based on five questions that make up two sub-indices, namely:

1. **Current Situation Index (CSI)**, which consists of respondents' evaluation of:

- Current economic situation; and
- Current job opportunities and employment.

2. **Future Expectations Index (FEI)**, which consists of respondents' expectations one year from the survey period regarding:

- future economic situation;
- future job opportunities and employment; and
- future financial situation for themselves and their households.

CCI Value

The CCI value ranges from 0 to 200. It reaches maximum limit when all the respondents' opinions are positive, and is neutral at 100 points when positive and negative opinions are equal. However, when CCI value is less than 100 points, this indicates negative evaluation of economic situation in Qatar.

For further information on methodology, please refer to Issue No. 1.

Current Situation: The respondent's viewpoint on a given issue during the survey period compared to the previous twelve months.

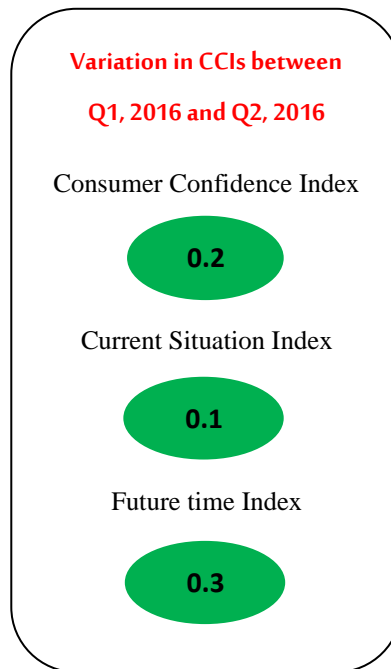
Future Situation: The respondent's viewpoint on a given issue during the next twelve months.

Consumer Confidence Index (CCI)

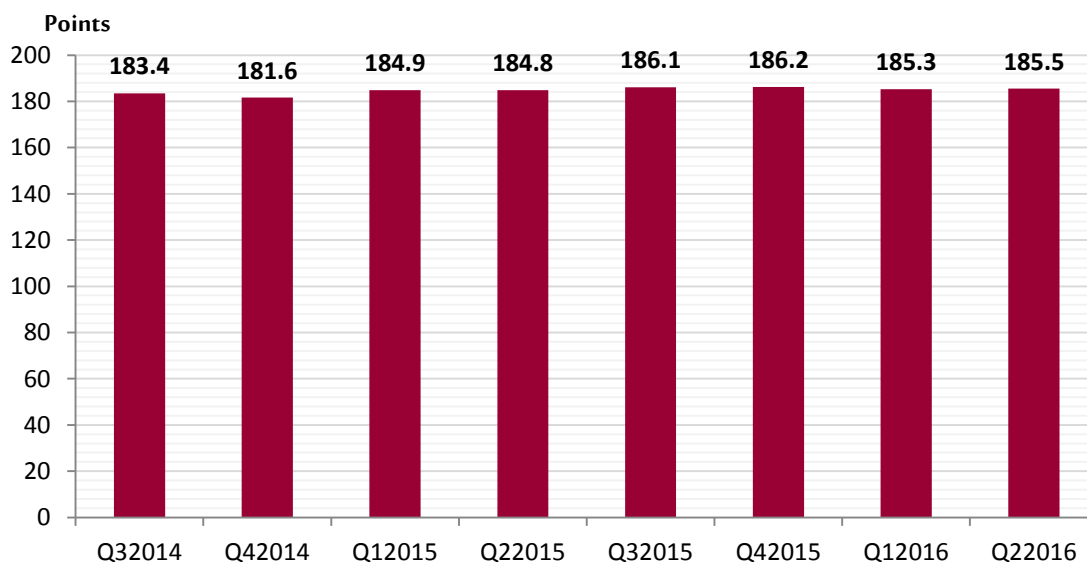
Doha, June 2016: CCI rose by nearly (0.2) point in Q2 2016 compared to Q1 2016. It settled on (185.5) points compared to (185.3) points during Q1 2016 (see Figure 1).

In Q2 2016, the consumer optimism levels were positively affected by several factors, most notably the decline in prices in general, and in prices of food and beverages in particular which had a significant impact on household optimism levels, in addition to the current economic development of the country.

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



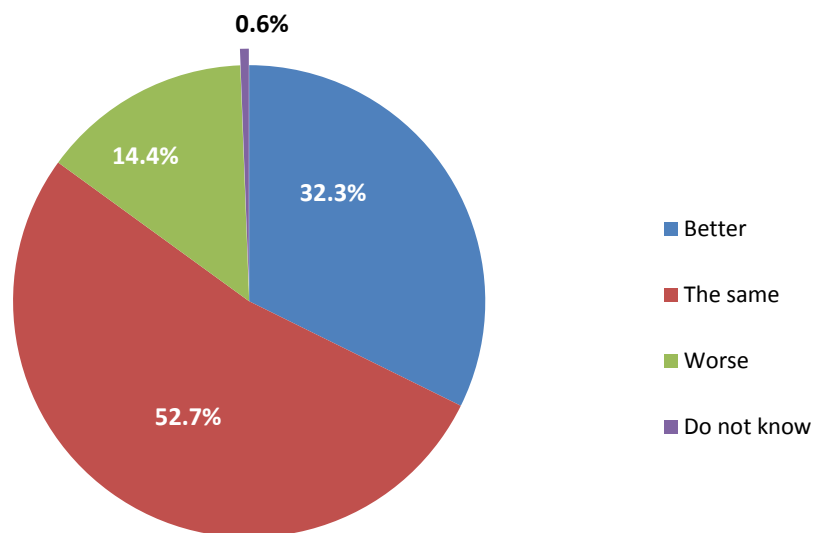
**Figure (1)
Consumer Confidence Index**



(32.3%) of households feel their financial situation improved in Q2 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 Q2 2016 showed that (32.3%) of respondents felt their financial situations improved as against (35.6%) in Q1 2016. Meanwhile, (14.4%) of respondents felt their financial situations worsened compared to (10.9%) in Q1 2016. The percentage of households who expressed feelings of stability about their financial situations declined to about (52.7%) in Q2 2016 Compared to (53%) in Q1 2016.

Figure (2)
Compared to the previous twelve months, do you think that your household's current financial situation is better, worse or the same?

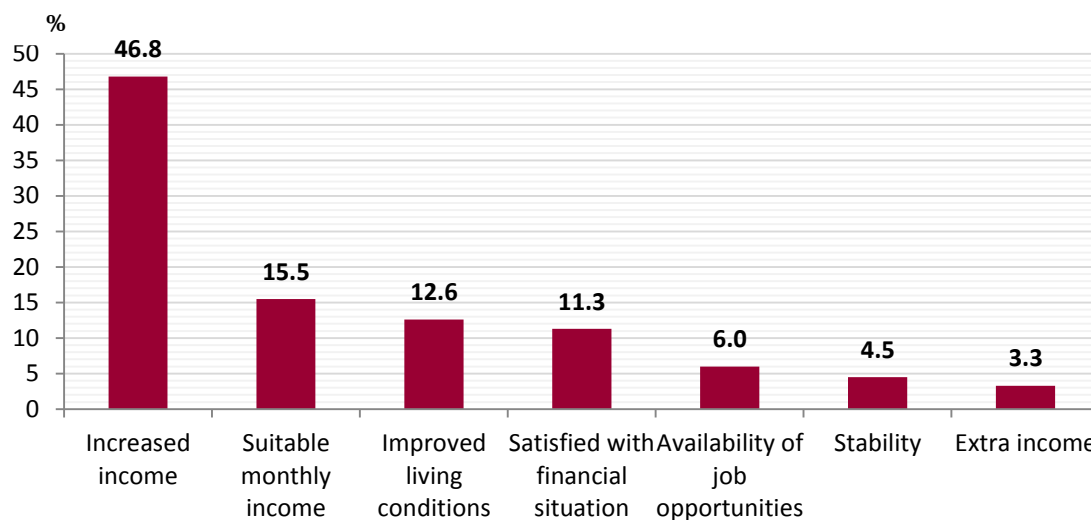


Feeling that the household's financial situation improved

The Q2 2016 survey showed that the main reasons behind the feeling of some households that their financial situations improved (32.3%) were the income rise due to the fact that some employers increased salaries/wages, and some employees got promoted at work, or completed settlement of due debts, as well as availability of job opportunities for some household members. In addition, some households' members moved to other jobs providing better income and benefits. We also find that some households gained extra income from investments in the financial market and other investments.

Figure (3) demonstrates further reasons why households felt their financial situations improved during the survey period compared to the previous twelve months.

Figure (3)
Reasons why households feel their financial situations improved, compared to the previous 12 months

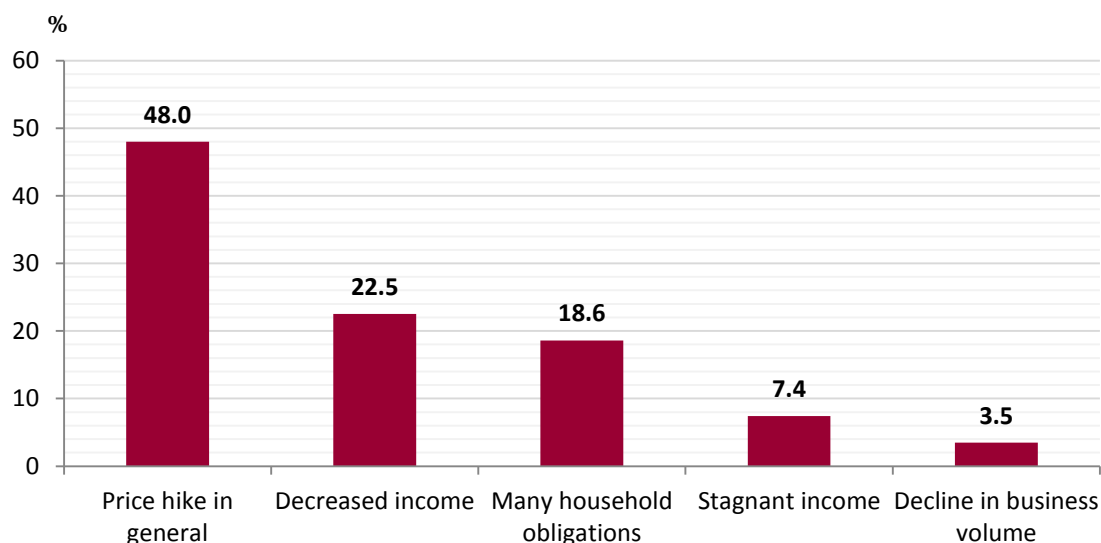


Feeling that the household's financial situation worsened

On the other hand, with respect to the households who reported their financial situations worsened (14.4%) during the survey period compared to the previous year, they attributed that to high prices in general, chiefly those of rents, as well as reduced income due to reduced bonuses, allowances and overtime, and job loss experienced by some household members, in addition to increased household obligations and burdens.

According to the data published by MDPS, the Consumer Price Index (CPI) rose during Q2 2016 by about (0.2%) compared to Q1 2016. There was a price decline in five groups, namely: "food and beverages", "health", "transportation", "communications", "restaurants and hotels", whereas the prices of the groups "education", and "tobacco" remained unchanged, compared to Q1 2016.

Figure (4)
Reasons why households feel their financial situations worsened, compared to the previous 12 months

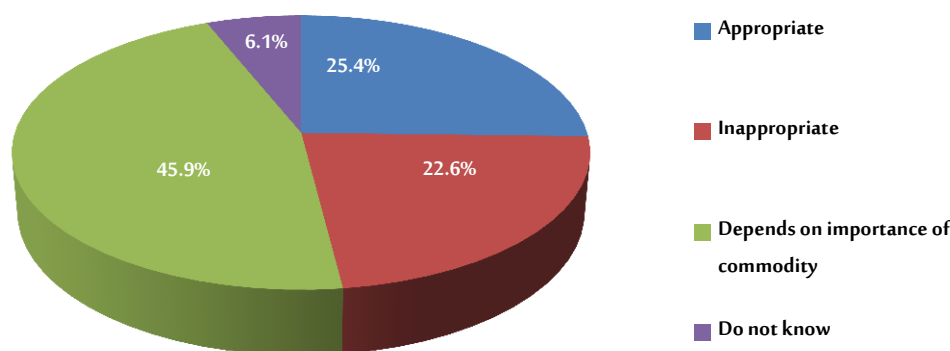


(25.4%) of consumers feel the time is appropriate to buy durable goods.

When consumers were asked about their views on whether it was appropriate to buy long-term (durable) consumer goods at present, the results of the survey in Q2 2016 indicated a decline in consumer ratio by (25.4%) compared to (27.3%) of those who expressed that the time was appropriate to buy those goods in the results of the Q1 2016 survey. Besides, the percentage of consumers, who did not show any desire to buy those goods as long as they did not need them urgently, rose to (45.9%) compared to (44.4%) in Q1 2016. This trend shows the consumers' awareness in the State of Qatar, represented in their lack of desire to buy durable goods and their arrangement of purchase priority.

On the other hand, the ratio of consumers who reported that the current time is unsuitable for purchase reached (22.6%) compared to (21.6%) in Q1 2016. (See Figure 5).

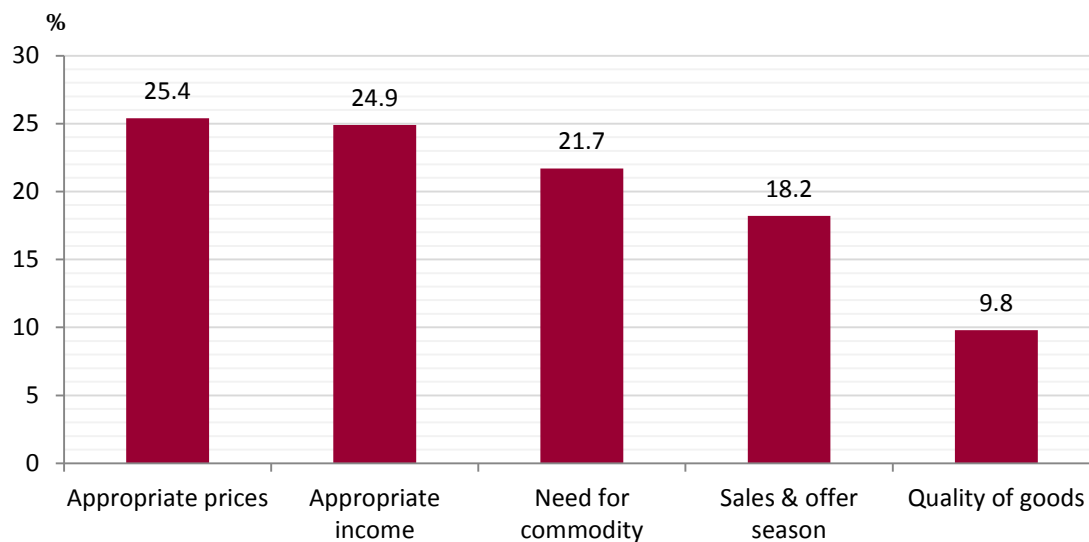
Figure (5)
In general, do you believe the time is appropriate to buy durable goods (furniture, TV, fridge, washing machine, etc.)?



Reasons why consumers feel the time is appropriate to buy durable goods

When consumers who reported the time was suitable to buy durable goods (%25.4) were asked about the reasons for this feeling, the Q2 2016 survey results indicated that the main reason was "suitable prices" which was expressed by about (25.4%), followed by "suitable income for purchase" (24.9%), and in third place came the "need for goods" (21.7%). For further details, please refer to Figure 6 below.

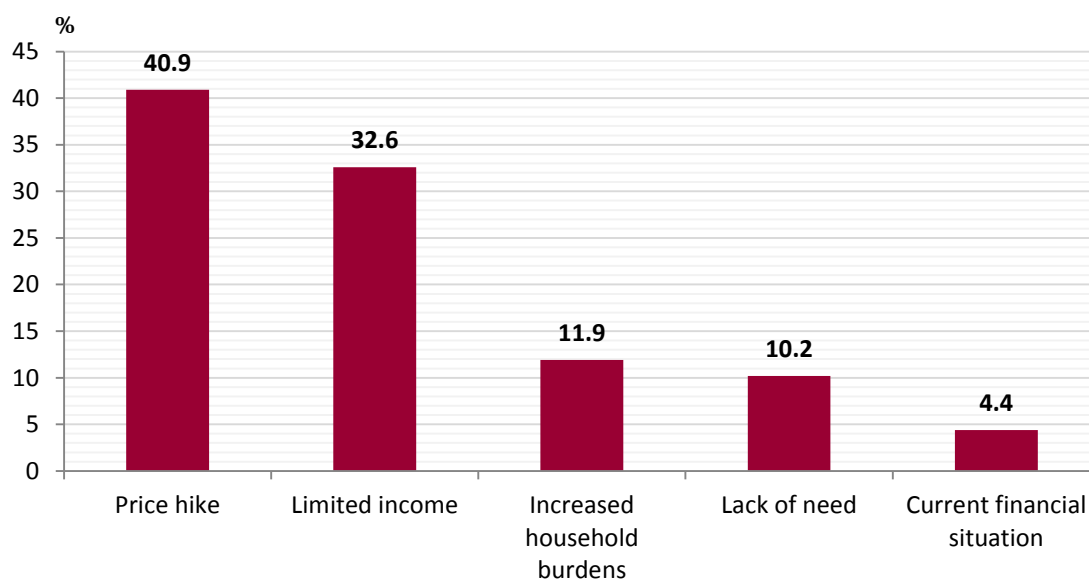
Figure (6)
Reasons why consumers believe that the time is appropriate to buy durable goods



Reasons why consumers feel the time is inappropriate to buy durable goods

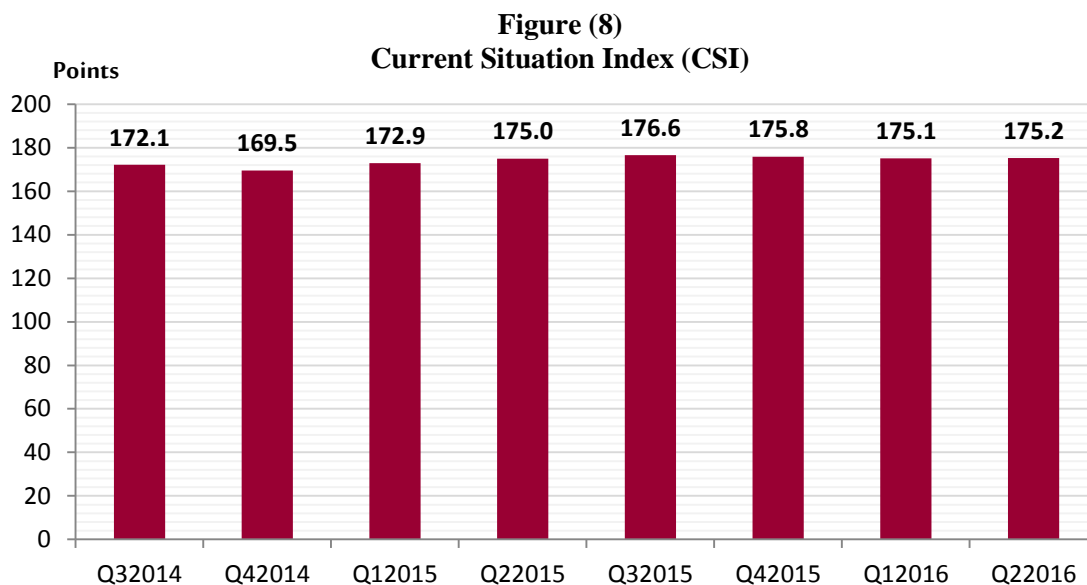
As for the surveyed consumers who felt the time was inappropriate to buy durable goods, (22.6%) reported that the main reason was “high prices” (40.9%), followed by “financial inability due to limited income” (32.6%). Further details are shown in Figure 7.

Figure (7)
Reasons why consumers believe the time is inappropriate to buy durable goods



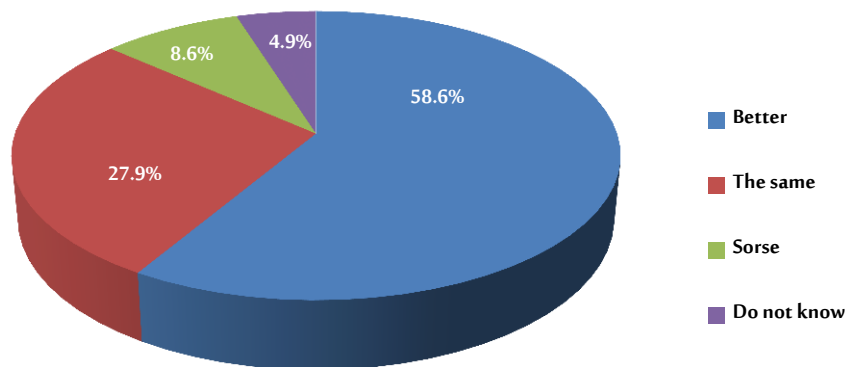
Households continue to express optimism about the current situation

According to the results of Q2 2016, consumers’ optimism about the current situation continued, since the index value amounted to (175.2 points), recording a rise of (0.1) point compared to Q1 2016. According to the surveyed respondents, the increase in income in addition to the decline in prices, mainly those of food and beverages had a great impact on the households’ optimism levels, as well as the State’s economic development. Figure 8 shows further details of the current situation index.



When consumers were asked about current economic situations compared to the previous 12 months, 58.6% of consumers felt the current economic situations in Qatar would improve, and 27.9% believed that the situations were unchanged, while 8.6% felt the economic situations worsened according to Q2 2016 survey (see Figure 9).

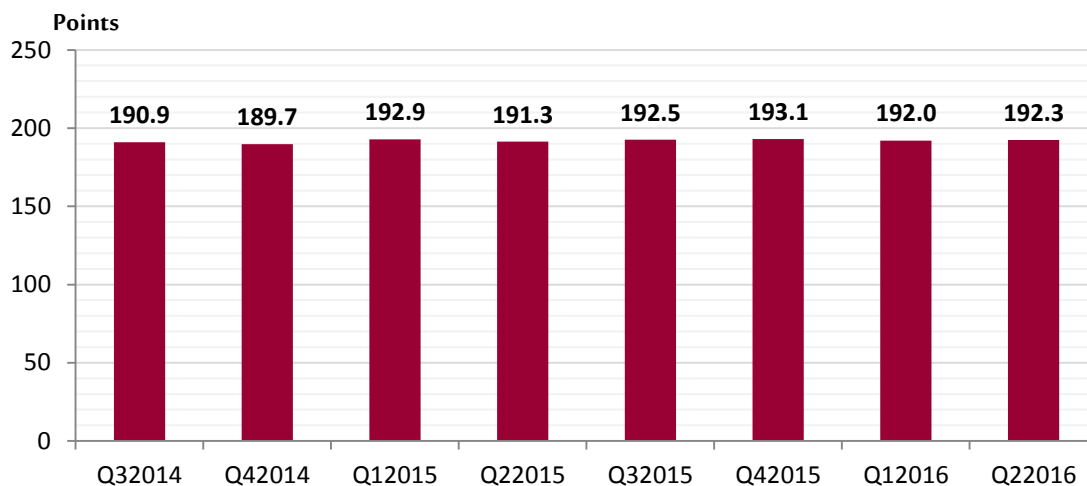
Figure (9)
With regard to the current economic situation in Qatar, do you think it is getting better, worse or remaining the same compared to the previous 12 months?



Households express optimism about future situation

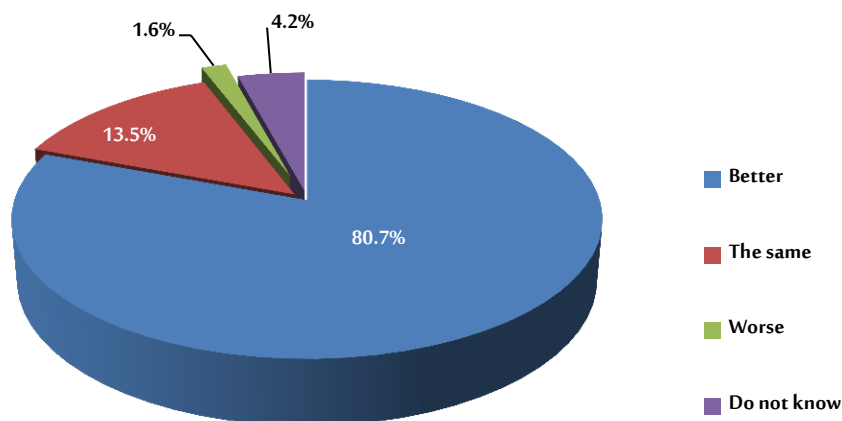
During Q2 2016, the future expectations sub-index increased to (192.3) points, compared to (192) points in Q1 2016. Some of the surveyed respondents expected recovery of the economic situation and increase in global oil prices. Others expressed their optimism towards job opportunities in the future due to the infrastructure and FIFA World Cup 2022 projects. The future expectations index is explained in Figure 10.

Figure (10)
Future Expectations Sub-Index



According to the respondents’ opinions in Q2 2016, around (80.7%) expected better economic situation in the next twelve months, compared with the present time (survey period), and about (13.5%) expected unchanged situation, while only (1.6%) expected the economic situation would worsen during the coming 12 months compared to the current situation as shown in Figure 11.

Figure (11)
Do you think that Qatar’s economic situation will get better, worse or remain the same during the next 12 month, compared to the current situation?



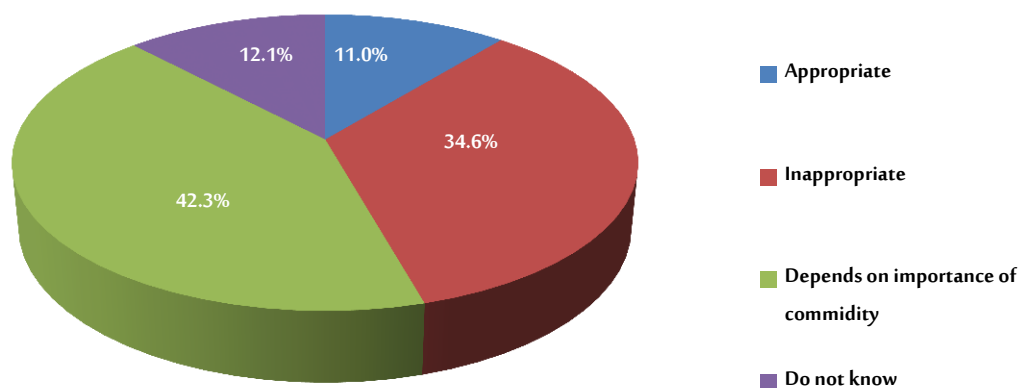
Household's future plan to buy a new vehicle:

The results of Q2 2016 survey indicated a decline in the percentage of consumers who thought the time was suitable to buy a new vehicle over the next 12 months with (11.0%) compared to (12.9%) in the previous quarter.

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

At the same time, (34.6%) of consumers surveyed in Q2 2016 said the time was unsuitable, compared to (38.8%) in Q1 2016. Some households reported that car prices were exaggeratedly high, as well as low income due to cancellation of some allowances, and the presence of other current and future obligations would not enable them to buy a car now. (see Figure 12).

Figure (12)
Do you think the next 12-month period will be appropriate to buy a car (light car, van, SUV, etc.)?



Consumer expectations of future prices

The results of Q2 2016 survey revealed that (64.3%) of consumers expected an increase in prices in general over the 12 months following the survey period, compared to (73.4%) in Q1 2016, recording a 9.1% decline. Meanwhile, (25.6%) expected that prices would remain unchanged, compared to (16.1%) in Q1 2016. For further details, refer to Figure 13 below.

The consumers' expectations about the increase in prices were as follows: (24.9%) expected an increase in prices ranging from 1% to 5%, while (36.9%) expected an increase from 6% to 10%, and (38.2%) expected prices to increase over 10%, compared to (44.6%) in Q1 2016, as shown in Figure 13.

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

