



وزارة التخطيط التنموي والإحصاء
Ministry of Development Planning and Statistics

Qatar's Consumer Confidence Index (CCI)

The second quarter 2017

Developmental Indicators Series

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Methodology

The Consumer Confidence Index (CCI) is 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 comprises respondents' evaluation of:
 - Current economic situation; and
 - Current job opportunities and employment.

2. **Future Situation Index (FSI)**, which consists of respondents' expectations one year from the survey time regarding:
 - future economic situation;
 - future job opportunities and employment; and
 - future financial situation of respondents and their households.

CCI Value

The CCI value ranges from 0 to 200 points. 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.

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.

Doha, July 2017: CCI has risen by nearly (0.1) point in Q2, 2017 compared to Q1 of the same year. It settled at (183.8) points on average during Q2, 2017 compared to (183.7) points during Q1, 2017 (see Figure 1).

Households expressed high levels of optimism about the current situation during Q2, 2017 compared to Q1, 2017, which reflects continued consumer confidence in the State’s economic situations and confirms the ability of the Qatari economy to overcome the challenges despite the unjust embargo imposed on Qatar.

Variation in CCIs between Q2, 2017 and Q1, 2017

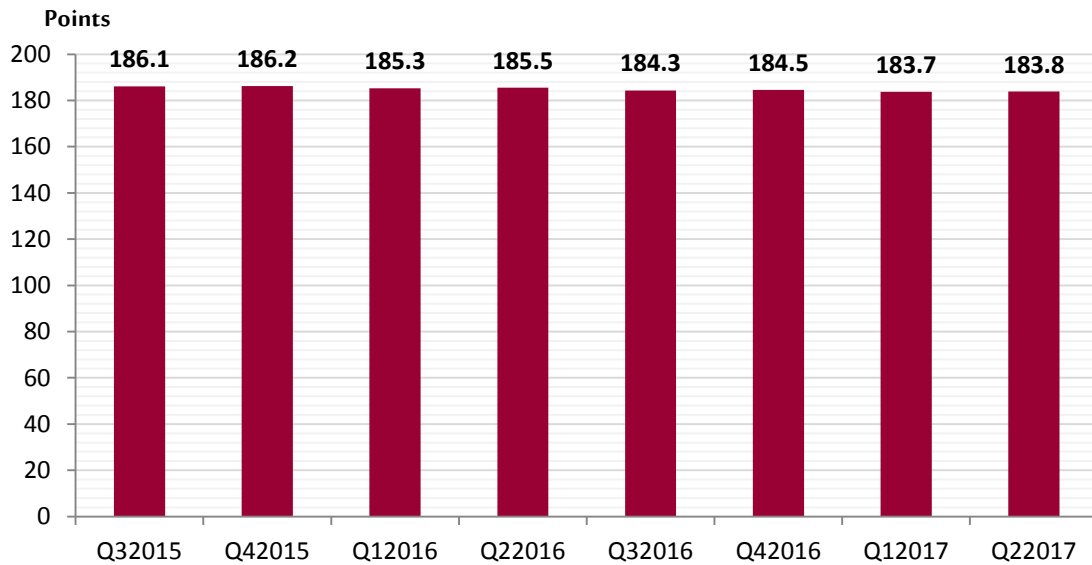
Consumer Confidence Index
0.1

Current Situation Index
0.3

Future time Index
0.1

The confidence levels in the State’s economic performance are high. The value of the index since its first session (Q3, 2013) reached high levels on the index scale, which reflects high levels of consumer optimism towards the state economy and their own financial situation. It is to be noted that the CCI value ranges from 0 to 200 points. It reaches maximum limit when all the respondents’ opinions are positive.

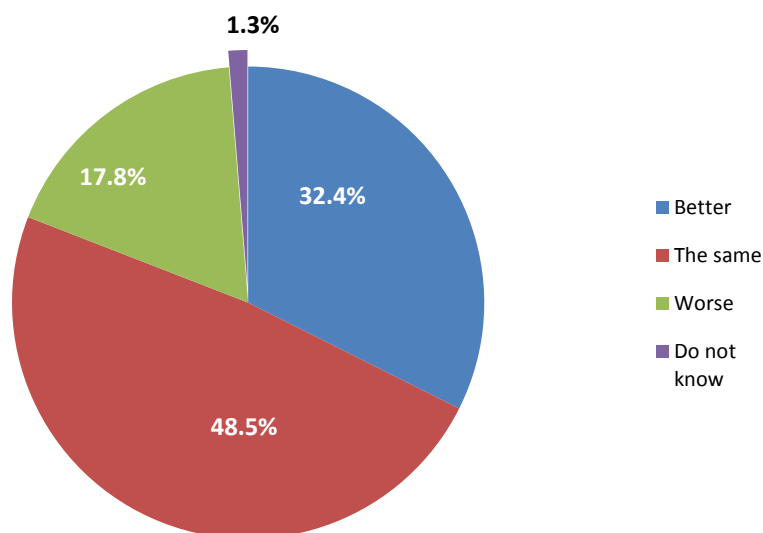
**Figure (1)
Consumer Confidence Index**



(32.4%) of households feel better about their financial situation in Q2, 2017:

When consumers were asked about their evaluation 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, 2017 showed that (32.4%) of respondents felt better about their financial situations, compared to (31.0%) in Q1, 2017, while (17.8%) of respondents felt that their financial situations were getting worse, compared to (18.0%) in Q1, 2017. The percentage of households who expressed feeling of stability about their financial situations decreased to about (48.5%) in Q2, 2017 compared to (50.1%) in Q1, 2017.

Figure (2)
Compared to the previous 12 months, do you think that you and your household's current financial situation is better, worse or the same?

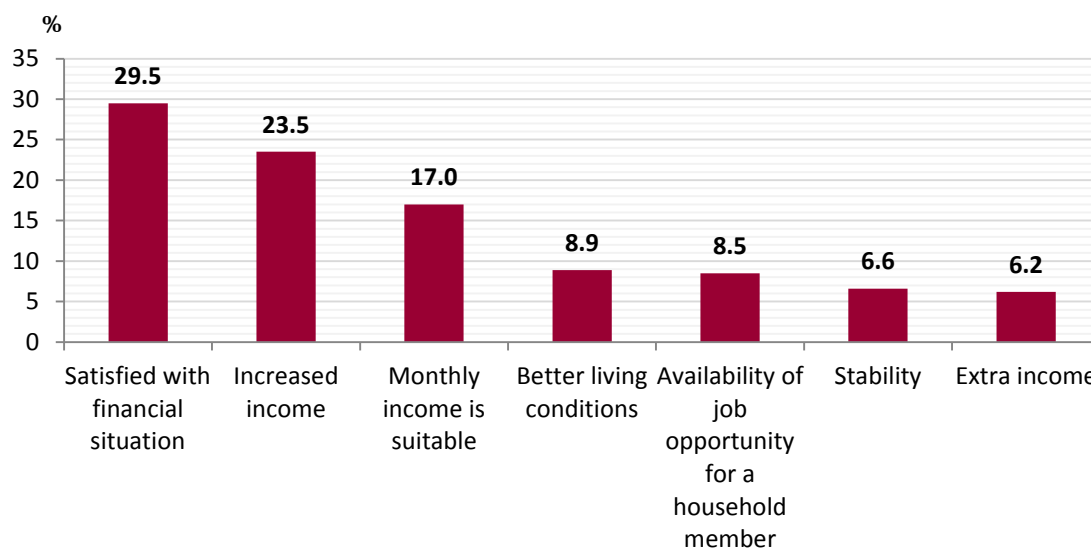


Feeling better about Household's financial situation

The Q2, 2017 survey showed that the main reasons for some households feeling better about their financial situations (32.4%) were that they were able to settle some outstanding debts or received an increase in income earlier, as well as having an increase in cash income earned as some employers increased salaries/wages of their staff and some employees got promoted at work. Some respondents also reported that the monthly income of the household was good.

Figure (3) below demonstrates in further details why consumers and their households felt better about their financial situations during the survey period compared to the previous 12 months.

Figure (3)
Reasons why consumers and their households feel better about their financial situations compared to previous 12 months

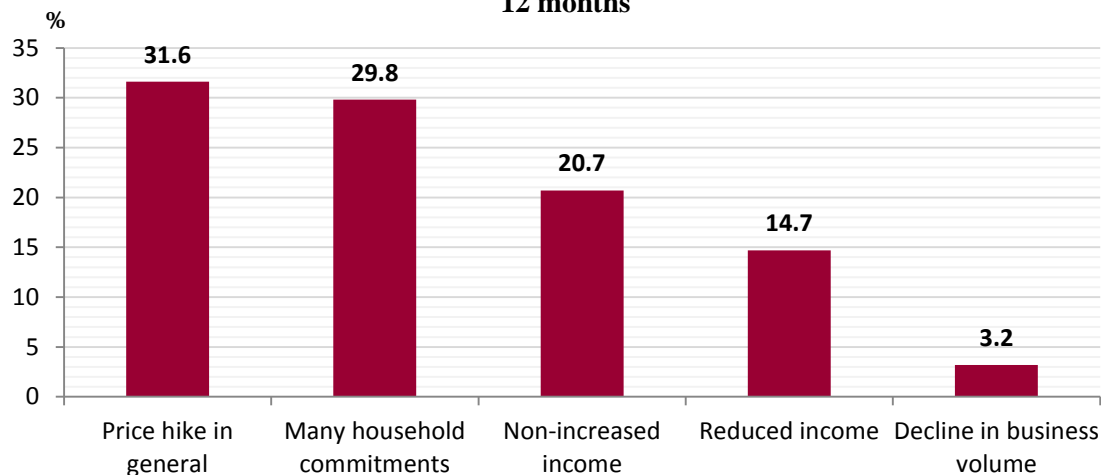


Feeling bad about household's financial situation

On the other hand, with respect to households who reported feeling bad about their financial situations (17.8%) during the survey period compared to the previous year, their responses were the result of the increase in prices in general, as well as the increase in household commitments and burdens, no increase in income or even reduction of income due to the reduction of allowances, benefits, overtime or job loss experienced by some household members. Figure 4 below illustrates the reasons why consumers and their households felt bad about their financial situations during the survey period compared to the previous 12 months.

According to the data published by MDPS, the Consumer Price Index (CPI) during Q2, 2017 reached 108.4 points in April 2017, reflecting a decline of (0.2%) compared to March 2017, while it reached 107.7 points and 108.5 points in May and June 2017 respectively.

Figure (4)
Reasons why households feel bad about their financial situations compared to previous 12 months



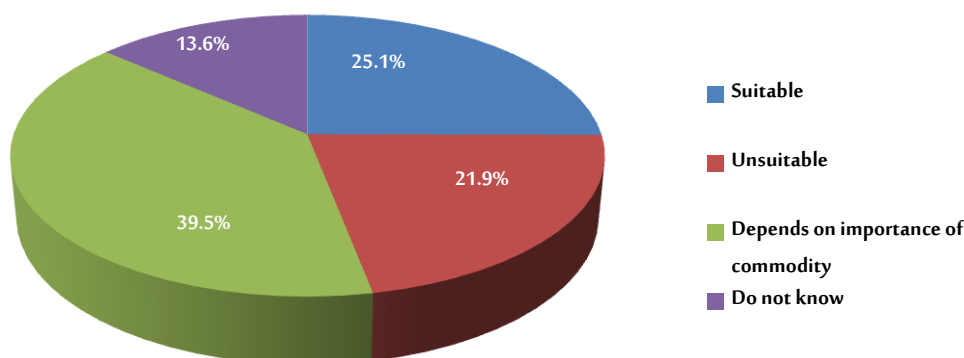
(25.1%) of consumers feel the time is right to buy durable goods

When consumers were asked about their views on whether it was appropriate time to buy long-term (durable) consumer goods at present, (25.1%) reported that the time was right to buy such goods, compared to (24.6%) in Q1, 2017.

The percentage of consumers who would not buy those goods as long as they are not in urgent need decreased to (39.5%), compared to (40.5%) in Q1, 2017. We note that this percentage is still high, indicating a good consumer awareness in Qatar, which was reflected in the lack of interest in the purchase of durable goods and their order of priorities for purchase.

On the other hand, the ratio of consumers who reported that the current time was unsuitable to buy durable goods decreased to (21.9%), compared to (22.7%) in Q1, 2017 (see Figure 5).

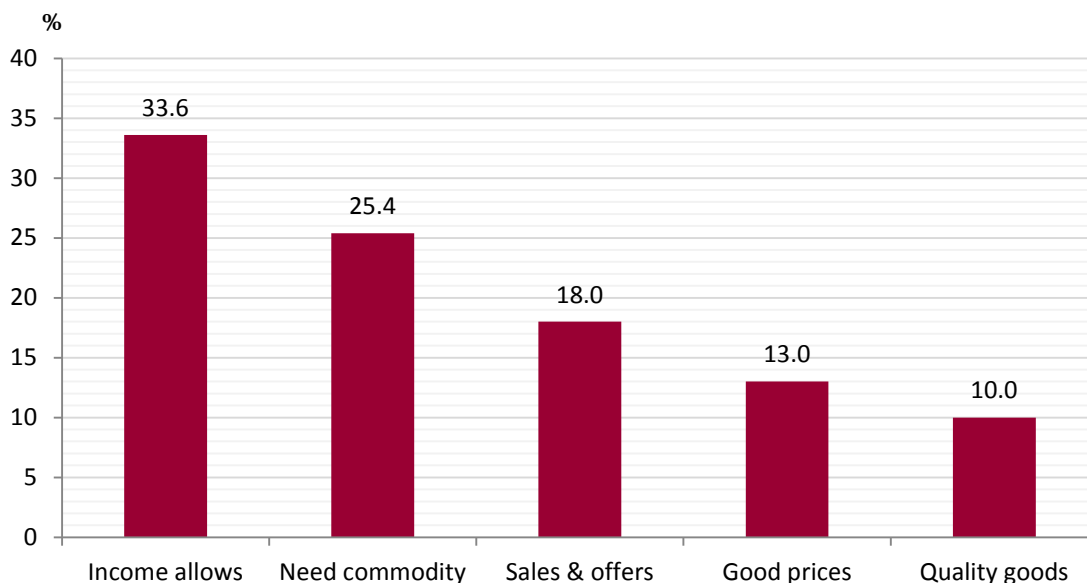
Figure (5)
In general, do you think the time is right for individuals and consumers to buy durable goods (furniture, TV, fridge, washing machine, etc.)?



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 (25.1%) were asked about the reasons for this feeling, the results of Q2, 2017 survey indicated that the main reason was "income allows" which was expressed by about (33.6%), then "need commodity" by (25.4%), and in third place came "offers and discounts" by (18%). Figure 6 below shows further details in this regard.

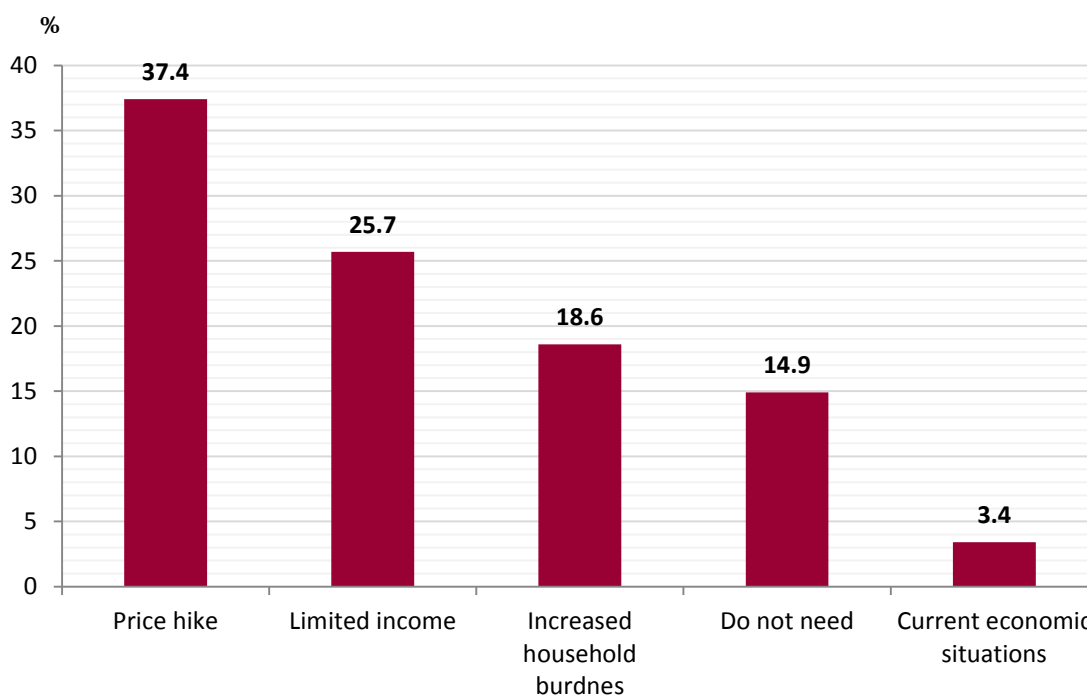
Figure (6)
Reasons why consumers believe that the time is right to buy durable goods



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

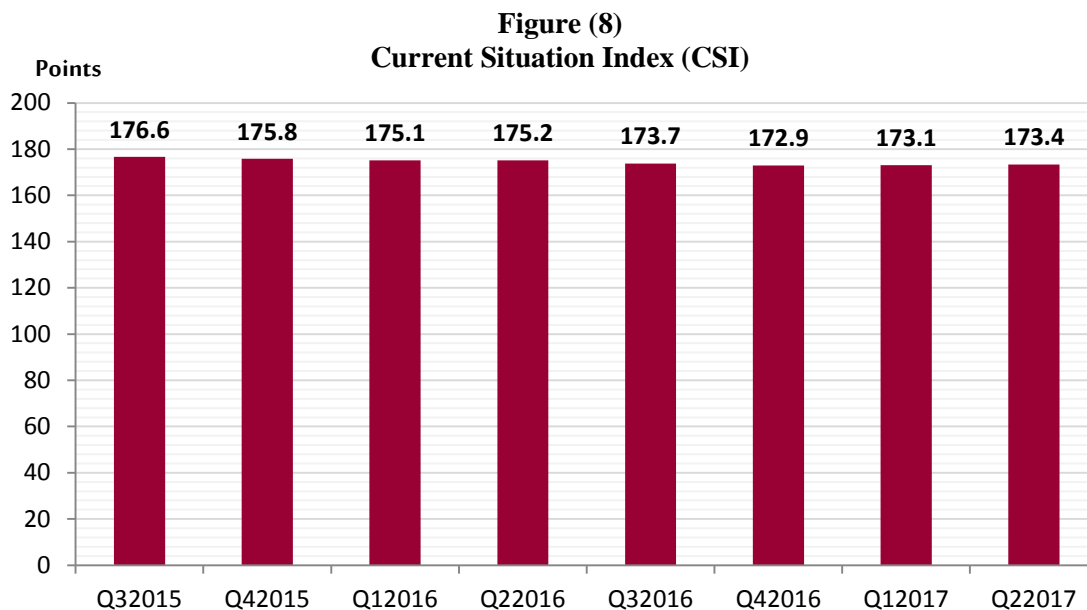
As for the surveyed consumers who felt the time was inappropriate to buy durable goods (21.9%), they reported that the main reason was “price hike” (37.4%), followed by “limited income” (25.7%) and then “increased household burden” (18.6%). These ratios are further detailed in Figure 7 below.

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



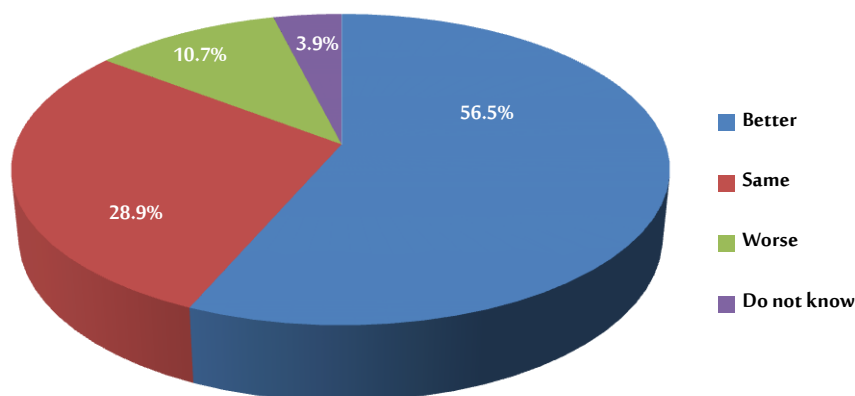
Households continue to express optimism about the current situation

According to the results of Q2, 2017, consumers' optimism about the current situation increased by (0.3) point compared to Q1, 2017 as the index value reached (173.4) points. According to the surveyed respondents, the high levels of income resulting from household members getting jobs or being promoted in their current jobs, coupled with the construction of many development projects in the country, that created employment opportunities and generated new incomes, thus affecting the levels of household optimism. The current Situation Index (CSI) is illustrated in figure 8 below.



When asked about the current economic situations compared to previous 12 months, (56.5%) of consumers felt better about the current economic situations in Qatar, and (28.9%) believed that the situation was the same, while (10.7%) felt the economic situation was getting worse according to Q2, 2017 survey (see Figure 9).

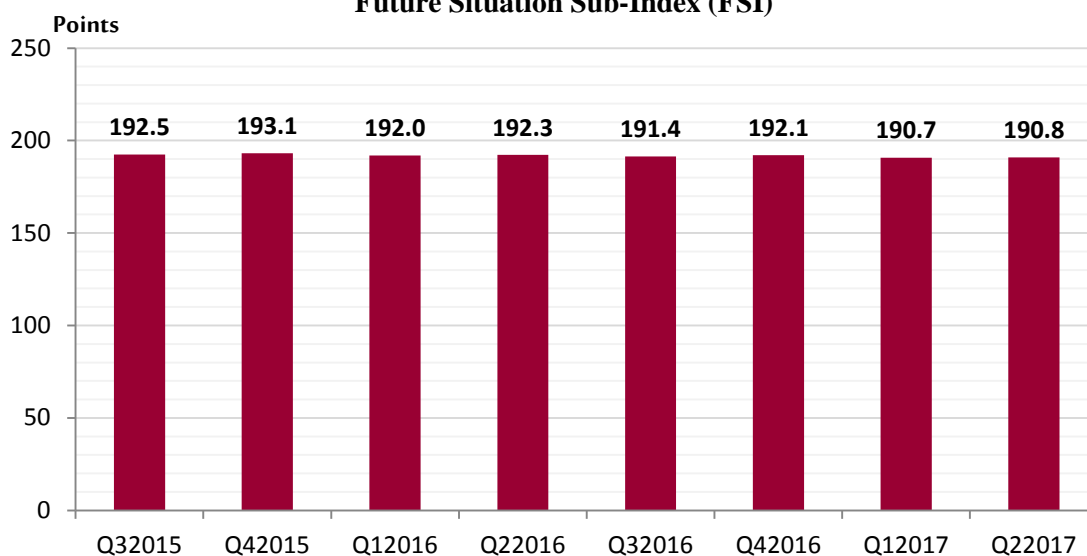
Figure (9)
With regard to the current economic situation in Qatar, do you think it is getting better, worse or remains the same compared to previous 12 months?



Households express optimism about future situation

During Q2, 2017, the Future situation Sub-Index (FSI) increased to (190.8) points, compared to (190.7) points in Q1, 2017. The surveyed respondents expected the recovery of oil and gas sector and real estate projects, and increased business activity and job opportunities against the backdrop of the numerous development projects and the FIFA World Cup in Qatar in 2022. FSI value is the highest compared to other sub-indices that make up the general consumer confidence index, as shown in Figure 10.

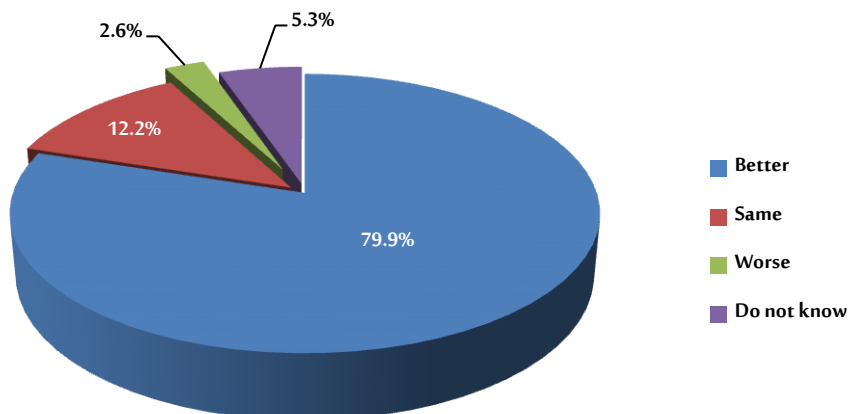
Figure (10)
Future Situation Sub-Index (FSI)



According to surveyed respondents in Q2, 2017, about (79.9%) expected better economic situation in the next 12 months, compared to present time (survey time), and about (12.2%) anticipated unchanged situation, while only (2.6%) expected a worse economic situation in the next 12 months as shown in Figure 11.

Figure (11)

Do you think that Qatar's economic situation will get better, worse or the same 12 months from now?



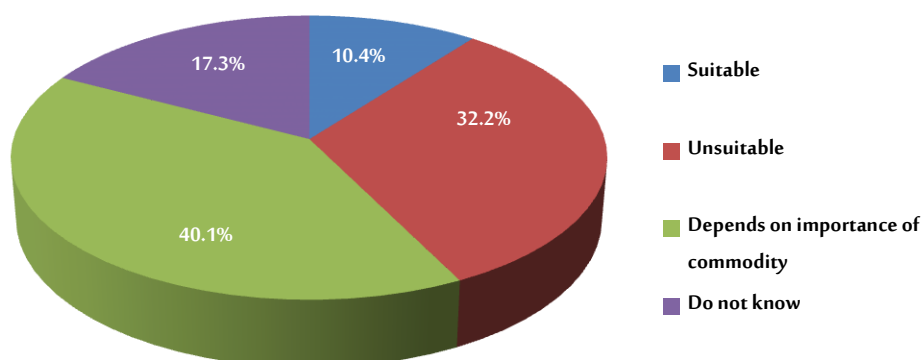
Household's future plan to buy a new vehicle:

The results of Q2, 2017 survey indicated that (10.4%) of consumers thought the time was suitable to buy a new vehicle over the next 12 months, compared to (9.8%) in Q1, 2017.

A large percentage of consumers expressed their desire to buy a new vehicle because of good offers on prices or a desire to replace the old vehicle with a new one, especially since the income would allow to do so.

At the same time, (32.2%) of consumers surveyed in Q2, 2017 said the time was unsuitable to buy a new car, compared to (34.5%) in Q1, 2017 (see Figure 12). Some households reported lack of sufficient liquidity, as well as rising fuel prices, job insecurity and other commitments during the survey period and future periods, hence they could not afford to buy a car now.

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



Consumers' expectations about future prices

The results of Q2, 2017 survey revealed that (63.4%) of consumers expected an increase in prices in general within 12 months from the survey time, compared to (64.4%) in Q1, 2017, recording a decline of (1.0%). Whereas, (29.6%) expected that prices would remain the same, compared to (26.5%) in Q1, 2017. Figure 13 shows further details.

The consumers' expectations about the increase in prices were as follows: (35.2%) expected an increase in prices ranging from 1% to 5%, while (40.0%) expected an increase from 6% to 10%, and (24.8%) expected prices to increase over 10%, compared to (32.3%), (41.2%) and (26.5%) in Q1, 2017 respectively.

Figure (13)
With regard to prices in general, do you expect that they will be higher, lower or remain the same 12 months from now?

