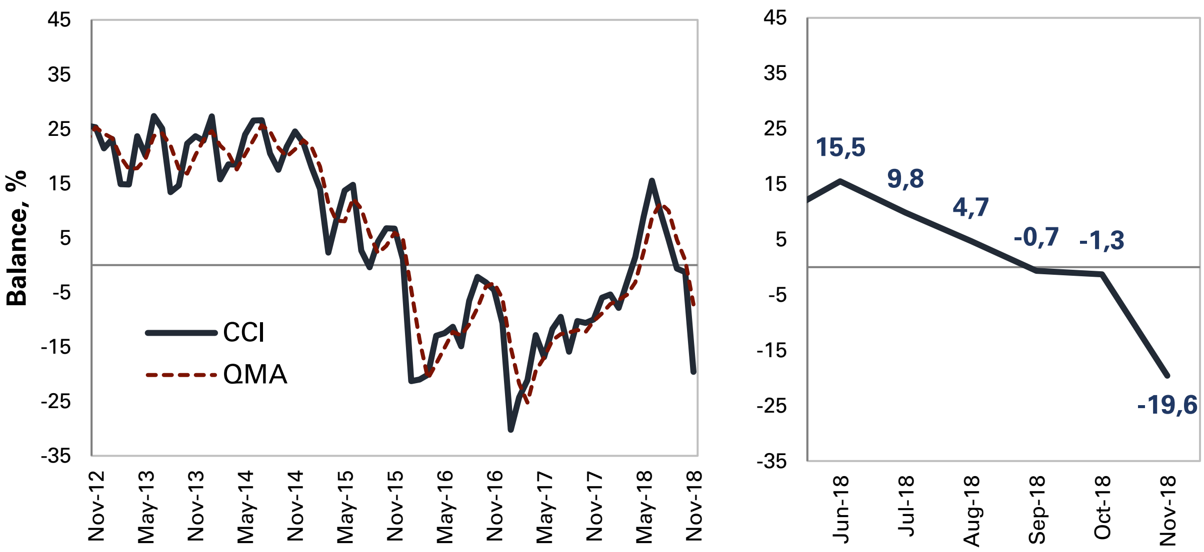
Consumer Opinion Survey
November 2018
Bulletin 205

FEDESARROLLO
Centro de Investigación Económica y Social

In November, Consumer Confidence Index (CCI) experienced a sharp decline and recorded a balance of -19.6%, its lowest value since March 2017. Compared to November 2017, the CCI decreased by 9.7 pps. Relative to last month, the reduction was due to a deterioration in Consumer Expectations Index and, to a lesser extent, a reduction in Economic Conditions Index. Consumer confidence decreased in all cities surveyed compared to previous month and November 2017. Finally, both willingness to buy a house and willingness to buy furniture and household appliances decreased compared to last month and maintain a downward trend .

According to the latest Consumer Opinion Survey (COS), Consumer Confidence Index (CCI) recorded a balance of -19.6% in November. This value represents a drop of 18.3 percentage points (pps) compared to the previous month and a reduction of 9.7 pps relative to November 2017 (Graph 1). This month, consumer confidence recorded its lowest level since March 2017 and its quarterly moving average returned to negative territory.

Gráph 1. Consumer Confidence Index (CCI)



Source: Consumer Opinion Survey (COS) – Fedesarrollo

QMA: Quarterly moving average

The fall in consumer confidence compared to October is owed to the sharp deterioration in the Consumer Expectations Index and, to a lesser extent, 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 with respect to the previous month was explained by the sharp decline of 27.6 pps in the CEI and to a lesser extent by the 4.4 pps deterioration in the ECI. Compared to November 2017, both expectations and economic conditions indexes decreased by 14.7 and 2.1 pps, respectively (Graph 2).

Table 1. Evolution of CCI Components

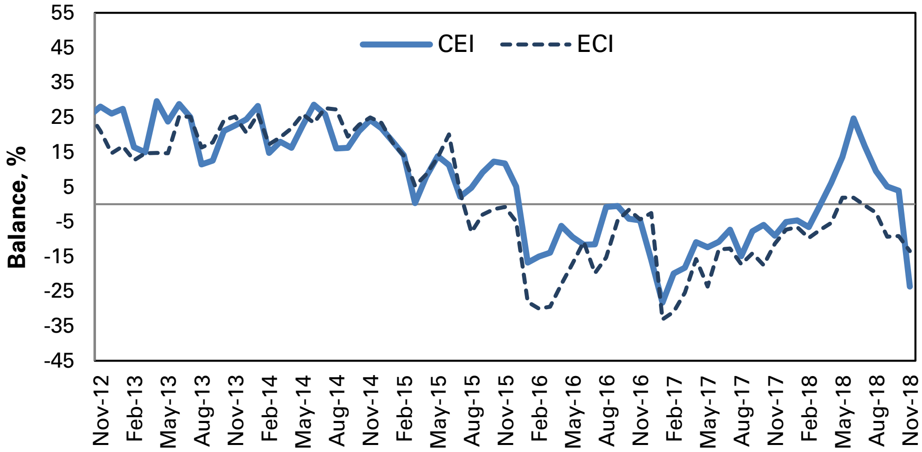
(Balances between favorable and unfavorable responses, %)

Variable / Balance %	2017	2018	
	November	October	November
Consumer Confidence Index - CCI	**-10.0**	**-1.3**	**-19.6**
A.Consumer Expectations Index - CEI	**-9.0**	**3.9**	**-23.7**
-Do you think that within a year your household will economically do better, worse or the same than now?	22.1	28.9	6.2
-Do you think that within the next twelve months we will have good or bad economic times?	-32.2	-13.0	-48.0
-Do you think that the country's economic conditions will be better or worse within a year than they currently are?	-17.1	-4.1	-29.3
B. Economic Conditions Index - ECI	**-11.4**	**-9.2**	**-13.5**
- Do you think that your household is economically doing better or worse than a year ago?	-15.8	-10.5	-18.3
-Do you think this is a good time to purchase big items such as furniture and appliances?	-6.9	-7.8	-8.7

Source: Consumer Opinion Survey (COS) – Fedesarrollo

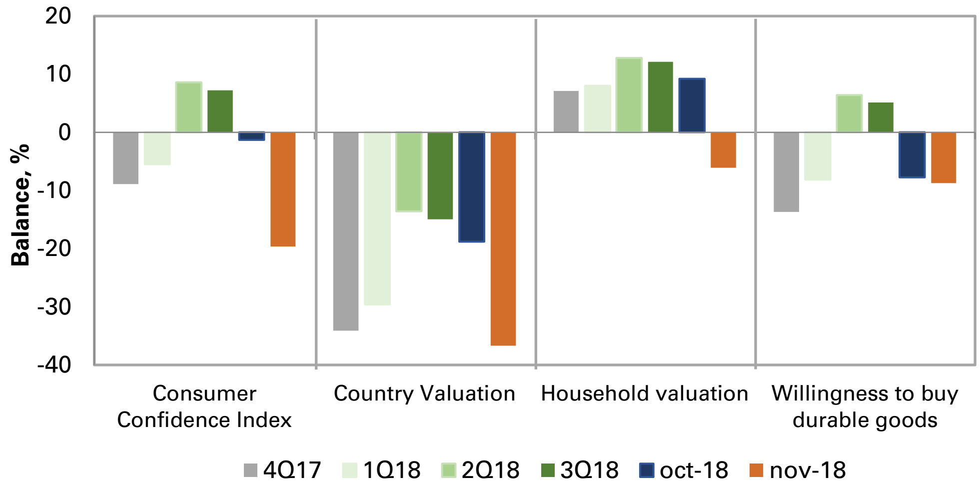
In November, both consumer's assessment of the country's situation and the consumer's assessment of their households' situation fell sharply relative to October. Consumer's assessment of their households' situation stood in negative territory for the first time in 2018. For its part, willingness to buy durable goods fell with respect to last month and stood at -8.7% (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

<u>Cities.</u> In November, the CCI decreased against previous month and November 2017 in all surveyed cities, especially in Bucaramanga.

The CCI reached negative territory in all surveyed cities and decreased relative to previous month (Bucaramanga 36.7 pps, Cali 18.3 pps, Bogotá 18.3 pps, Medellin 17.9 pps and Barranquilla 12.9 pps). Regarding November 2017, consumer confidence also deteriorated in all cities included in the survey (Table 2).

Table 2. Evolution of the CCI by cities

City, Balance %	2017	2018	
	November	October	November
Bogotá	-14.3	-5.3	-23.6
Medellín	-9.8	-1.0	-18.9
Cali	-4.8	8.3	-9.9
Barranquilla	10.2	2.9	-9.7
Bucaramanga	-7.0	11.3	-25.5
Total	**-10.0**	**-1.3**	**-19.6**

Source: Consumer Opinion Survey (COS) – Fedesarrollo

<u>Socioeconomic level.</u> In November, consumer confidence decreased with respect to previous month in all socioeconomic levels. Relative to November 2017, consumer confidence only increased in high socioeconomic level.

Disaggregating the results of the COS by socioeconomic level, the CCI strongly decreased compared to last month in all socioeconomic levels (low 21.4 pps, high 20.2 pps and middle 15.1 pps). However, compared to november 2017, consumer confidence improved in the high socioeconomic level (14.7 pps) and decreased in the middle (12.0 pps) and low (10.5 pps) levels.

Table 3. Evolution of the CCI by income level

Income level. Balance %	2017	2018	
	November	October	November
High	-21.9	13.0	-7.2
Medium	-9.0	-6.0	-21.1
Low	-9.3	1.6	-19.8
Total	**-10.0**	**-1.3**	**-19.6**

Source: Consumer Opinion Survey (COS) – Fedesarrollo

<u>Housing.</u> Willingness to buy a house decreased compared to last month and November 2017. By cities, this indicator decreased with respect to the previous month in all cities analyzed.

In November, the indicator of willingness to buy a house registered a balance of -8.4%, which is equivalent to a drop of 10.8 pps compared to previous month and a deterioration of 2.8 pps compared to November 2017 (Table 4). Compared to last month, willingness to buy a house deteriorated in all surveyed cities, especially in Cali (49.5 pps) and Bucaramanga (25.7 pps).

Table 4. Willingness to buy a house by cities

City, Balance %	2017	2018	
	November	October	November
Bogotá	-16.5	-13.7	-14.2
Medellín	4.3	10.5	0.2
Cali	8.6	46.8	-2.7
Barranquilla	27.2	14.4	7.2
Bucaramanga	-6.7	10.7	-15.0
Total	**-5.6**	**2.5**	**-8.4**

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Compared to previous month, willingness to buy a house deteriorated in all socioeconomic levels. Regarding November 2017, it improved in the high and low socioeconomic levels.

Between October and November, the results of the indicator of willingness to buy a house, disaggregated by socioeconomic level, strongly decreased in the high level (27.1 pps), and to a lesser extent in the middle (9.7 pps) and low (9.4 pps) levels. Compared to November 2017, there was an increase in the high and middle levels, and a reduction of 13.2 pps in the medium level.

Table 5. Willingness to buy a house by socioeconomic level

Income level. Balance %	2017	2018	
	November	October	November
High	-41.6	5.2	-21.9
Medium	-5.0	-8.5	-18.2
Low	-1.5	13.2	3.9
Total	**-5.6**	**2.5**	**-8.4**

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Durable goods. Willingness to buy durable goods and household appliances deteriorated compared to previous month and November of 2017. However, it improved in Bogota relative to previous month.

The balance of answers about whether it is a good or bad time to buy goods such as furniture and household appliances recorded -8.7% in November. This represents a reduction of 1.0 pps compared to previuos month and a deterioration of 1.8 pps compared to November 2017. Relative to previous month, willingness to buy durable goods increased in Bogota (8.9 pps), but decreased in the other analyzed cities, especially in Bucaramanga (31.4 pps) and Cali (28.7 pps). Relative to November 2017, the index decreased in all the surveyed cities, except in Cali, where there was an increase of 11.6 pps (Table 6).

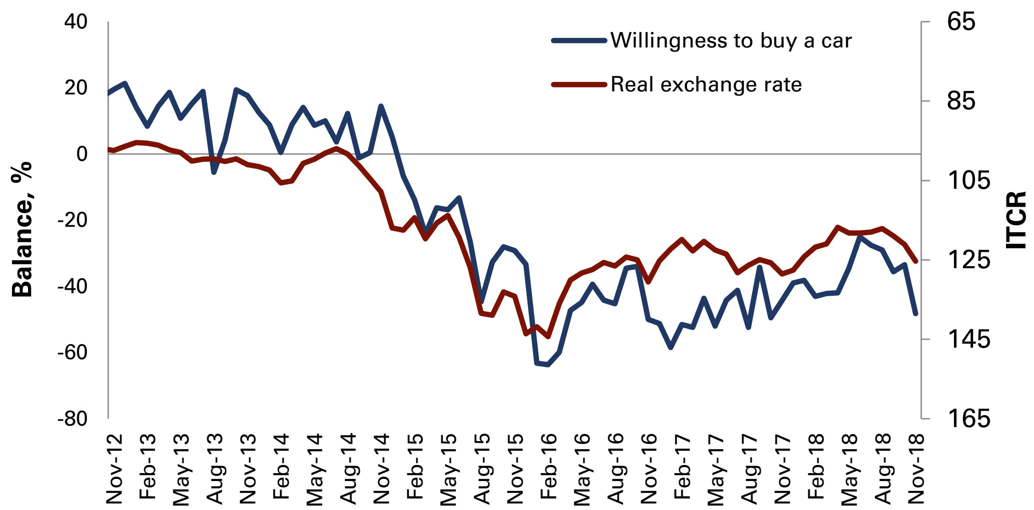
Table 6. Willingness to buy furniture and home appliances by cities

City, Balance %	2017	2018	
	November	October	November
Bogotá	-11.4	-21.0	-12.1
Medellín	-0.6	-12.1	-13.5
Cali	-12.0	28.3	-0.4
Barranquilla	28.3	20.2	16.0
Bucaramanga	-19.7	8.2	-23.2
Total	**-6.9**	**-7.8**	**-8.7**

Source: Consumer Opinion Survey (COS) – Fedesarrollo

<u>Vehicles.</u> In November, willingness to buy a vehicle continued its downward trend and recorded a balance of -48.3%. The latter implies a reduction of 14.8 pps and 4.0 pps compared to the previous month and to November 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

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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