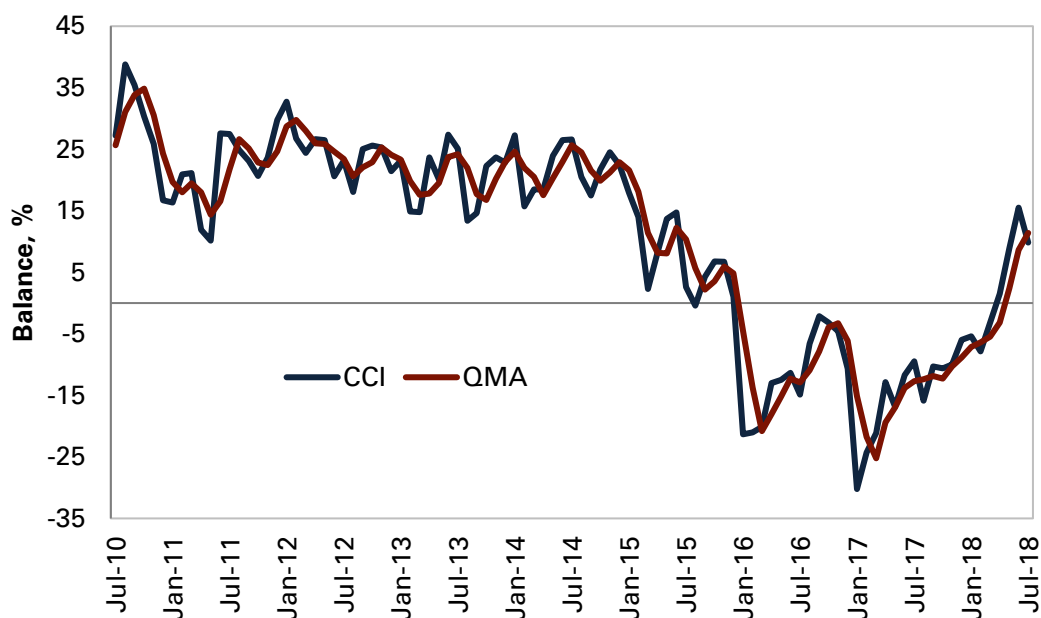


In July, the Consumer Confidence Index (CCI) remained in positive territory, with a balance of 9.8%, which was nevertheless lower than the result of last month. The fall from the previous month was due to a deterioration in both the Consumer Expectations Index and the Economic Conditions Index. Consumer confidence improved in three of the five surveyed cities compared to last month, but fell in Cali and Bogotá. On the other hand, willingness to buy a house and willingness to buy furniture and home appliances dropped relative to previous month. With respect to July 2017 all indices improved.

According to the most recent results of the Consumer Opinion Survey (COS), in July Consumer Confidence Index (CCI) recorded a balance of 9.8%. Although this value represents a fall of 5.7 percentage points (pps) compared to the previous month, relative to July 2017, the index increased 19.3 pps (Graph 1). Although the index reversed the positive trend shown since March of this year, it remains in positive territory and the quarterly moving average reached its highest level since July 2015.

Gráfico 1. Consumer Confidence Index (CCI)



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

The fall in consumer confidence compared to June is 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 with respect to June is explained by the fall of 8.0 and 2.2 pps in the ECI and CEI respectively. However, compared to July 2017, the expectations index improved by 24.0 pps, while the economic conditions index showed an increase of 12.3 pps (Graph 2).

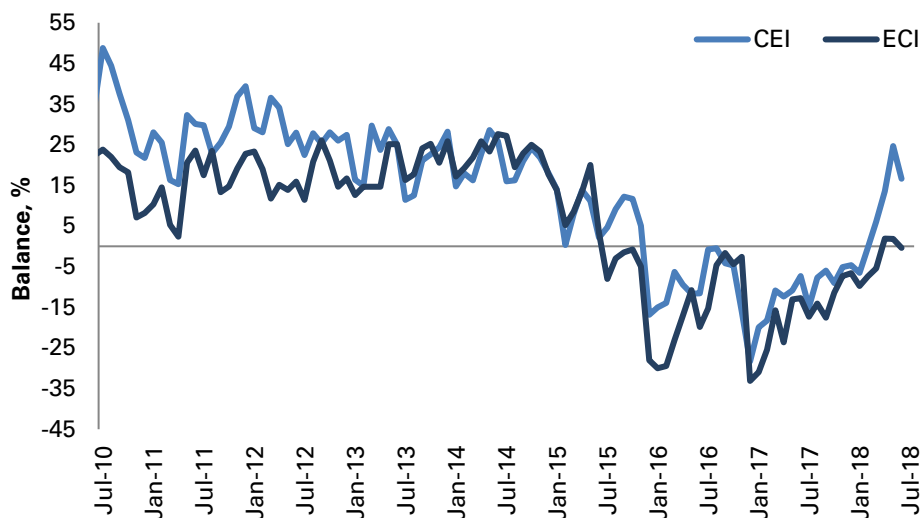
Table 1. Evolution of the components of the CCI
(Balances between favorable and unfavorable responses, %)

Variable / Balance %	2016	2017	2018	
	july	July	June	July
Consumer Confidence Index - CCI	-14,9	-9,5	15,5	9,8
A. Consumer Expectations Index - CEI	-11,5	-7,3	24,6	16,6
-Do you think that within a year your household will economically do better, worse or the same than now?	21,7	22,3	38,4	35,6
-Do you think that within the next twelve months we will have good or bad economic times?	-38,1	-31,2	21,0	9,6
-Do you think that the country's economic conditions will be better or worse within a year than they currently are?	-18,3	-13,1	14,4	4,8
B. Economic Conditions Index - ECI	-19,9	-12,7	1,9	-0,4
- Do you think that your household is economically doing better or worse than a year ago?	-18,9	-16,2	-4,1	-7,1
-Do you think this is a good time to purchase big items such as furniture and appliances?	-20,8	-9,2	7,8	6,3

Source: Consumer Opinion Survey (COS) – Fedesarrollo

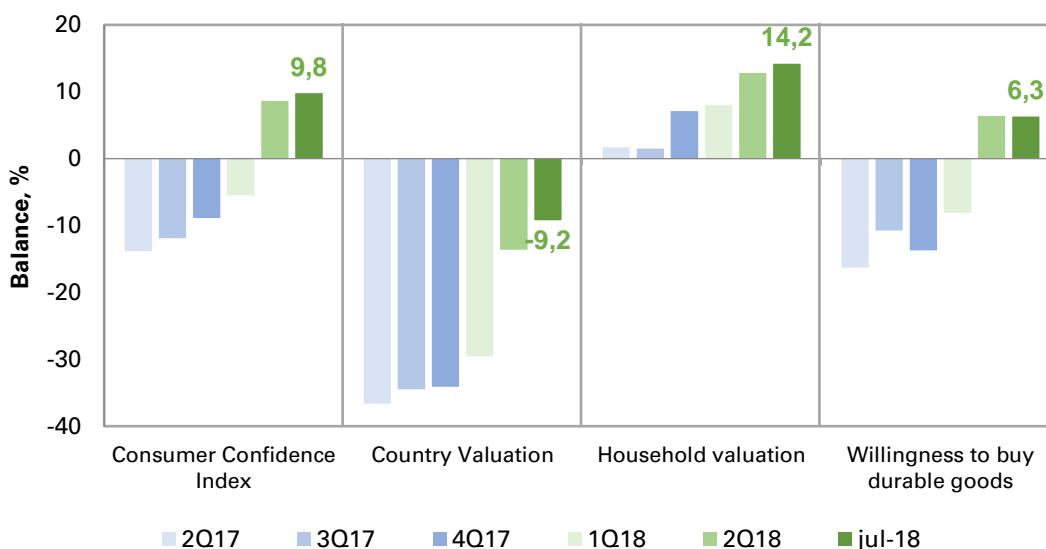
Despite its reduction compared to the previous month, the result of July continues to reflect an improvement in confidence compared to the first half of 2018 and against 2017 (Graph 3). This is explained by a continuous improvement in the country's valuation, which maintains a positive trend since the third quarter of 2017, although it is still in negative territory, and by an increase in household's valuation, which records increasingly positive levels. Willingness to buy durable goods reversed its positive trend and fell by 0.1 pps.

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 July, the ICC improved compared to the previous month in three of the five surveyed cities, mainly in Bucaramanga. Relative to July 2017, confidence increased in all cities.

The results of the ICC disaggregated by city registered an increase with respect to the previous month in Bucaramanga (8.2 pps), Medellín (6.2 pps) and Barranquilla (1.7 pps), while in Bogotá and Cali there is was a deterioration of 5.6 and 25.6 pps respectively. However, confidence in all the cities remain in positive terrain (Table 2). Compared to July 2017, consumer confidence improved in all cities, especially in Bucaramanga and Medellín (Table 2).

Table 2. Evolution of the CCI by cities

City, Balance %	2016	2017	2018	
	July	July	June	July
Bogotá	-23,6	-15,0	11,7	6,1
Medellín	-9,4	-5,0	16,4	22,6
Cali	-6,7	2,1	29,7	4,1
Barranquilla	5,1	0,4	16,7	18,4
Bucaramanga	-9,1	-13,8	6,6	14,8
Total	-14,9	-9,5	15,5	9,8

Source: Consumer Opinion Survey (COS) – Fedesarrollo

In July, consumer confidence decreased in all socioeconomic levels compared to the previous month; however, it increased in all compared to July 2017.

By disaggregating the results of the COS by socioeconomic level, and relative to the previous month, drops were observed in all strata (3.8 pps, 8.1 pps and 3.4 pps in the high, medium and low strata, respectively). However, compared to July 2017, consumer confidence improved in all socioeconomic levels, mainly in high income level, where it increased by 41.5 pps, and in the middle, where the increase was 21.6 pps.

Table 3. Evolution of the CCI by income level

Income level. Balance %	2016	2017	2018	
	July	July	June	July
High	-15,2	-21,8	23,5	19,7
Medium	-15,6	-10,9	18,8	10,7
Low	-14,1	-6,8	11,2	7,8
Total	-14,9	-9,5	15,5	9,8

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Although willingness to buy a house was greater than in July 2017, it dropped compared to previous month. When performing the analysis by cities, this indicator decreased with respect to the previous month in four of the five cities surveyed

In July, the indicator of willingness to buy a house recorded a balance of 8.4%, which is equivalent to a reduction of 5.4 pps compared to the previous month and an increase of 6.3 pps relative to July. 2017 (Table 4). Although the results by city show that willingness to buy a house worsened in Bogota, Medellin, Cali and Bucaramanga compared to the previous month, they also reflect an increase in all cities compared to July 2017, especially in Cali.

Table 4. Willingness to buy a house by cities

City. Balance %	2016	2017	2018	
	July	July	June	July
Bogotá	-33,6	-1,5	2,9	0,4
Medellín	-12,8	-2,3	10,8	7,4
Cali	-20,0	5,6	50,8	25,1
Barranquilla	12,6	29,8	25,9	37,5
Bucaramanga	9,0	4,4	16,3	9,0
Total	-20,7	2,1	13,8	8,4

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Willingness to buy a house improved only in the high socioeconomic level compared to the previous month. However, it improved in all socioeconomic levels compared to July 2017.

Between June and July, the results of the indicator of willingness to buy a house, disaggregated by socioeconomic level, showed an increase in the high strata and a reduction in the middle and lower strata. Compared to July 2017, there was an increase in all strata, particularly in the high level of income, where an increase of 16.0 pps was registered.

Table 5. Willingness to buy a house by socioeconomic level

Income level , Balance %	2016	2017	2018	
	July	July	June	July
High	-10,8	-1,2	10,4	14,8
Middle	-35,6	-0,7	14,6	3,5
Low	-7,2	5,1	13,5	12,6
Total	-20,7	2,1	13,8	8,4

Source: Consumer Opinion Survey (COS) – Fedesarrollo

Willingness to buy furniture and household appliances decreased compared to the previous month but was higher than in July 2017.

The balance of answers about whether it is a good or bad time to buy goods such as furniture and household appliances recorded 6.3% in July. This represents a reduction of 1.5 pps compared to June and an increase of 15.5 pps compared to July 2017. Compared to the previous month, willingness to buy durable goods increased in Medellín (5.9 pps) and Bucaramanga (16.7 pps), decreased in Cali (16.0 pps) and Barranquilla (5.7 pps), and remained stable in Bogotá. Compared to the same month of the previous year, the index increased in all cities (Table 6).

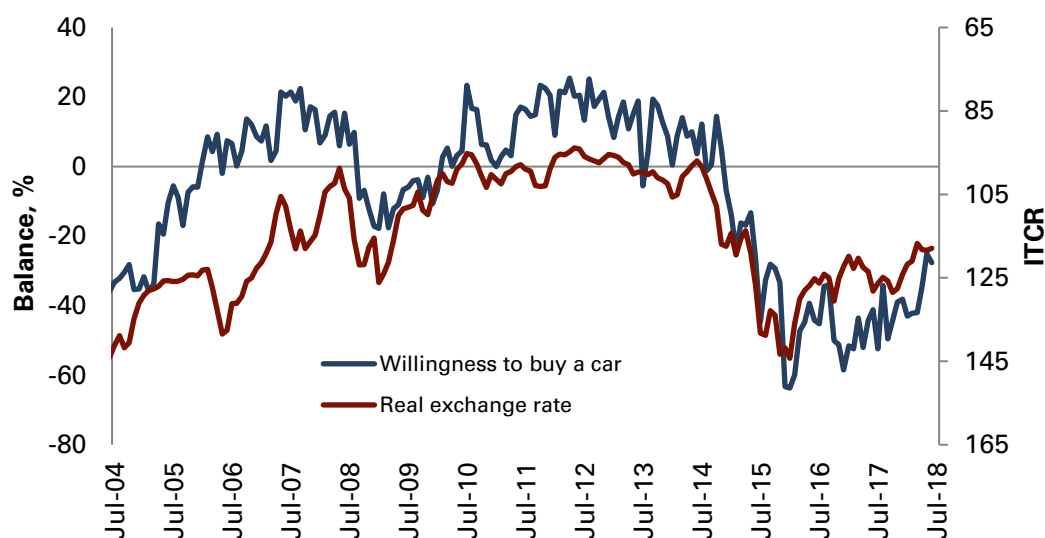
Table 6. Willingness to buy furniture and home appliances by cities

City, Balance %	2016	2017	2018	
	July	July	June	July
Bogotá	-30,0	-15,1	0,3	0,3
Medellín	-15,6	-11,3	7,2	13,1
Cali	-14,1	7,9	27,9	11,9
Barranquilla	-1,4	8,8	34,3	28,7
Bucaramanga	-5,0	-15,2	-15,7	1,0
Total	-20,8	-9,2	7,8	6,3

Source: Consumer Opinion Survey (COS) – Fedesarrollo

In July, willingness to buy a vehicle declined and registered -27.6%. This implies a fall of 2.5 pps compared to the previous month and an increase of 13.6 pps compared to July 2017. (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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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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