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## PRESS RELEASE

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### Monthly consumer survey – August 2020

## Consumer confidence turns sharply down again in August

- It is back to the low point that it had hit in April.
- The reasons being a much gloomier economic outlook and rising fears of unemployment.

At the end of July, faced with a resurgence in the number of cases of COVID-19, the federal government decided to restrict the "social bubble" and give local authorities the power to take more binding measures regarding the wearing of face coverings. Moreover, the prolonged political crisis has been back in the news this month. All these elements are probably undermining household morale.

Their expectations regarding the general economic situation in Belgium have clearly dropped back, while their feeling about unemployment trends over the next twelve months have continued to get worse than ever before.

From a personal point of view, households are predicting a very slight deterioration in their financial situation. Their savings intentions, which had already been considerably inflated over the last few months, remained stable in August. While the willingness to save may bear witness to fears for the future, it may also stem from the fact that people are less inclined to spend money, because of the health measures.

### Consumer confidence indicators <sup>1</sup>

	Expectations for the next twelve months				Consumer confidence indicator
	Economic situation in Belgium	Unemployment in Belgium <sup>2</sup>	Financial situation of households	Savings of households	
2019 August	-20	13	-2	-1	-9
September	-22	18	-4	-1	-11
October	-16	12	-2	-4	-8
November	-14	7	-2	-1	-6
December	-17	11	-2	-5	-8
2020 January	-15	8	-2	2	-6
February	-17	6	3	6	-4
March	-28	16	1	8	-9
April	-47	60	-6	9	-26
May	-28	70	-2	7	-23
June	-18	70	1	13	-19
July	-22	70	1	12	-20
August	-38	77	-1	12	-26

<sup>1</sup> As of February 2020, the survey sample has been adapted to better reflect the socio-demographic characteristics of the population. In line with the European Commission's recommendations, this change is being introduced only gradually, so as not to interfere too much with the information content of the indicator.

<sup>2</sup> Regarding unemployment expectations, a rise indicates a deterioration while a decline indicates an improvement.

Source: National Bank of Belgium.

## Two extra questions on the COVID-19 crisis

Since the month of April, the consumer survey has been enhanced by two questions geared specifically to the consequences of the COVID-19 crisis on households' financial situation. The first one covers the potential loss of income related to the crisis, while the second question deals with the scale of the savings buffer that consumers have to meet their subsistence needs.

*These two extra questions have not been incorporated into the consumer confidence indicator.*

The full survey results are now available in the NBB.Stat database.

### Question 1 "Has your household suffered any loss of income because of this crisis?"

	August 2020	p.m. April 2020
No loss	70 %	67 %
Loss of less than 10 %	9 %	6 %
Loss of between 10 and 30 %	13%	14 %
Loss over 30 %	5 %	6 %
Loss over 50 %	3 %	7 %

Households have suffered income losses owing to the health crisis. However, roughly 70 % of them have so far been completely unaffected on this front: they are primarily pensioners and those on social benefits who receive a guaranteed income, as well as a proportion of employees who have not been laid off temporarily. For the other categories of households, the loss of income has been perceptible, albeit to varying degrees. Moreover, between the month of April, at the height of the lockdown measures, and the month of August, the perception of loss of income has improved. For instance, the share of households who have incurred a loss of income of over 50 % has declined from 7 to 3 %. These are mainly self-employed. In August, just over one in every ten self-employed people now find themselves in such a situation, compared with 1 in 4 four months ago. The share of households who have incurred a loss of income of 10 % has risen between April and August, up from 6 to 9 %.

### Question 2 "How long will your household's savings buffer cover your necessary subsistence expenditure (rent, shopping, etc.)?"

	August 2020	p.m. April 2020
Less than 1 month	12 %	11 %
From 1 to 3 months	17 %	20 %
From 3 to 6 months	20 %	69 %
More than 6 months	51 %	

Overall, the volume of savings that can be used as a buffer appears more stable throughout the crisis, even though a few changes have been observed from one month to the next. Between the month of April and the month of August, the proportion of survey respondents who said they had only a very short-term savings buffer (less than one month) has remained fairly stable, at around 11 to 12 %. At the other end of the scale, 7 households out of 10 still have a savings buffer of more than three months, as had already been the case in April.

### Cross-results of the loss of income and scale of savings buffers

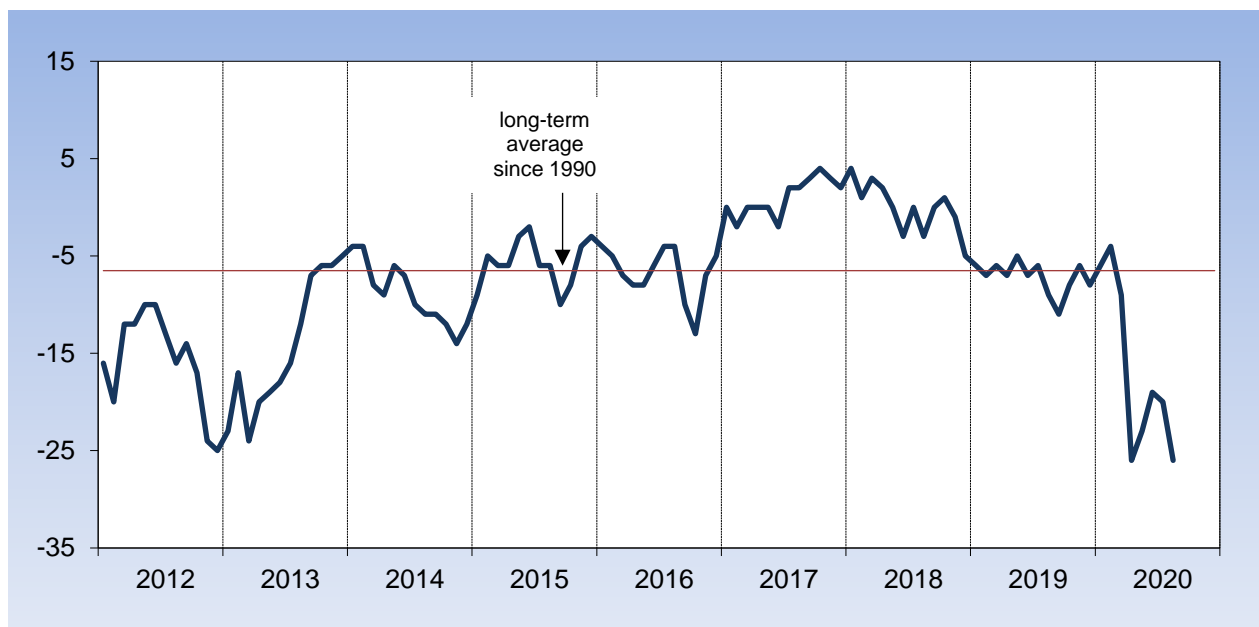
Between the month of April, at the height of the health crisis, and August, the proportion of households considered as being the most vulnerable – those who expect to lose at least 10 % of their income, while having a savings buffer of no more than three months' worth of subsistence expenses – has come down from 12 to 8 %. Conversely, the proportion of households identified as the least exposed – those only incurring a loss of income of 10 % maximum, while having savings covering at least three months of expenditure – has gone up from 53 to 59 %.

Percentage of total number of respondents	August 2020	p.m. April 2020
Most vulnerable households (*)	8 %	12 %
Least exposed households (**)	59 %	53 %

(\*) Households incurring a loss of income of at least 10 %, while having a savings buffer of three months maximum.

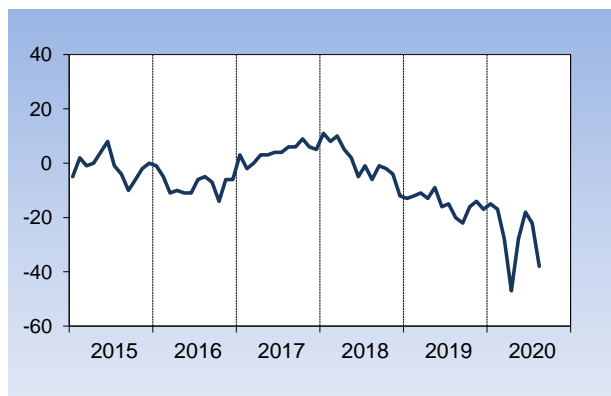
(\*\*) Households incurring a loss of income of maximum 10 %, while having a savings buffer of three months minimum.

### CONSUMER CONFIDENCE INDICATOR

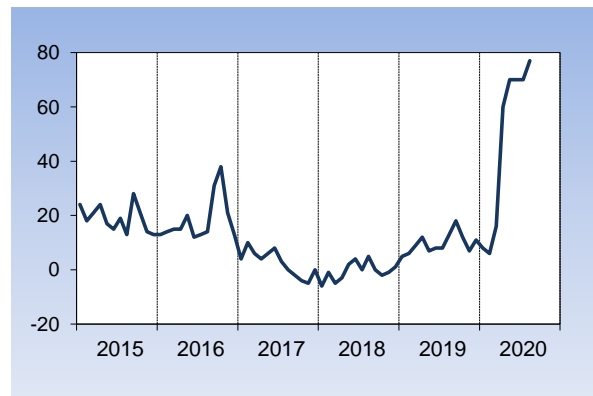


### Expectations for the next twelve months

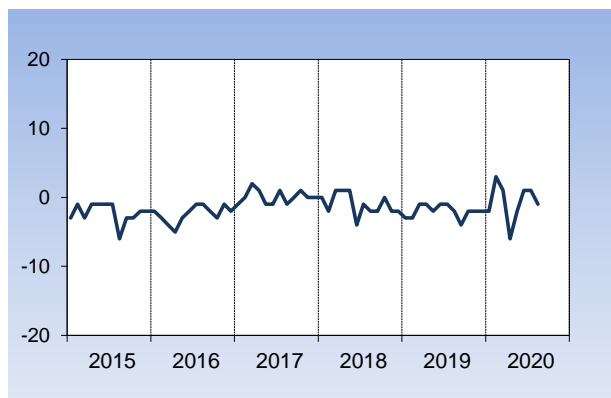
General economic situation in Belgium



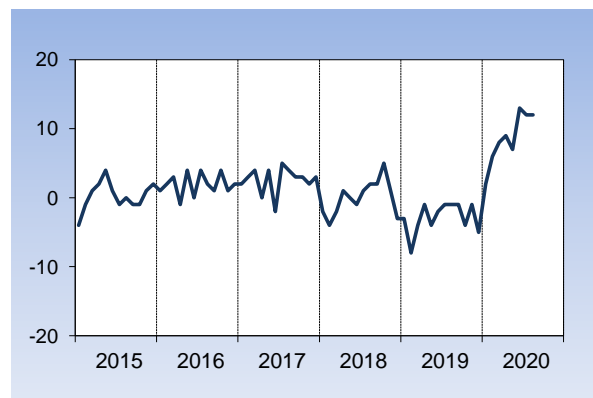
Unemployment in Belgium<sup>1</sup>



Financial situation of households



Savings of households



<sup>1</sup> Regarding unemployment expectations, a rise indicates a deterioration while a decline indicates an improvement.