

Press release

Brexit still having little impact on saving patterns

'88% of people say Brexit is not affecting their saving decisions'

- Brexit having more effect on saving in border areas & Dublin
- April investment patterns weaken despite continued stock market rally
- Saving sentiment stays solid, 50% of people saving regularly in April

The Bank of Ireland/ESRI Savings and Investment Index for April indicates that Brexit is having more of an impact on saving behaviour in border areas and in Dublin, but is still not a strong driver of behaviour overall.

The Savings and Investment Index, which measures sentiment towards saving and investment, fell in April from March due to weaker investment sentiment.

Brexit effect

Close to the border Brexit has had more of an impact on saving behaviour – **6%** of Border Midwest savers said that they were saving more as a result of Brexit in April, compared with **3.6%** one year ago. 3.7% of Dublin savers said they were saving more directly as a result of Brexit compared with 1.1% a year earlier.

88% of people answered that Brexit had not affected their saving, down from **92%** the previous year. So although savers answered that Brexit is more of a consideration for them in 2019, it is clear that it is still not a strong driver of overall savings behaviour.

Tom McCabe, Bank of Ireland Investment Markets commented: *"The most surprising finding in this month's saving data is that Brexit continues to have very little impact on national saving patterns despite the ongoing uncertainty around what it could mean for the Irish economy. This suggests that savers are very much still basing their decisions on 'here and now' and not on what Brexit related challenges might be around the corner. With the Irish economy still growing strongly, this should mean saving sentiment remains positive over the next few months."*

Overall Savings and Investment Index

The overall index slipped back to **100** in April compared with **102** in March. The chief reason for the fall was weaker investment sentiment as the investment component of the index backtracked to **97** in April from **101** the month before. In contrast, saving sentiment remained very solid and was unchanged at **103** in the month.

Investment

The fall in investor sentiment was driven mainly by weaker investment attitudes (whether people invest and how much) which fell from **109** to **102**, their lowest level since December. The percentage of people who invest regularly dropped to **34%** from the all-time high of **37%** reached in March. The percentage of people that said they weren't investing as much as they'd like rose from **35%** to **38%** in April.

Sentiment towards the investment outlook (whether it is a good time to invest) also weakened marginally from **94** to **92** despite another positive month for market performances with world stock markets up **3.6%** for Irish investors bringing the year to date gain to over **18%**.

Generally there was little change in how people felt about the outlook for investment markets presently. The percentage of people that felt it was a good time to invest (**27%**) dropped, as did the percentage that felt it was a bad time to invest (**26%**). Looking out six months, people were slightly less optimistic about the market outlook – **29%** felt it would be a good time to invest in six months' time (down from **31%** in March) with **21%** feeling it would be a bad time (up from **19%** in March).

Tom McCabe, Bank of Ireland Investment Markets said: *"It was disappointing to see investor sentiment sag in April, particularly with investment markets strengthening again. However, much of this was down to attitudes towards investment pulling back following a strong run in the past couple of months. The performance of investment markets still appears key to a longer lasting recovery in investment sentiment. Assuming markets can continue to stabilise from their traumatic end to 2018, then we believe investor sentiment will ultimately follow suit."*

Savings

The monthly Savings Index was unchanged at **103** in April. Saving patterns remained very strong with **50%** of people saving regularly in April, up marginally compared to March. However a drop in satisfaction levels around how much people are saving each month offset this, dragging the Savings Attitudes Index down from **106** to **104**. Confidence in the outlook for savings inched higher in April with the Savings Environment Index moving from **101** to **102**. **43%** of people felt it was a good time to save in April but the numbers that felt it was a bad time to save (**25%**) fell to their lowest since January 2018.

Additional €10k

The April results from the risk barometer question echoed the trends we saw in the broader savings and investment index. In other words, people were slightly more likely to save a once-off windfall of €10,000 and less likely to invest it. The percentage saying they would choose to save the windfall rose to **62%** compared with **60%** in February while the percentage saying they would invest it dipped slightly to **38%**. Sentiment towards all of the various types of investments slipped slightly in the month with the exception of government bonds.

ENDS

For media queries or interview opportunities, please contact:

Mark Leech @ Bank of Ireland

Tel: 087-9053679

E: Mark.Leech@boi.com

About the ESRI/Bank of Ireland Savings and Investments Index:

The Bank of Ireland/ESRI Savings and Investment Index tracks household attitudes towards savings and investment as well as monitoring their perspectives on the current and future savings and investment environment. Understanding savings behaviour provides insight into how households smooth consumption, plan to make big purchases and build up buffers which can be drawn down in times of economic stress. Monitoring household investment patterns gives an understanding of how they are putting their money to work, their financial diversification, and their appetite for risk. The Bank of Ireland/ESRI Savings and Investment Index also provides a Risk Barometer and a Retirement Optimism Index to give insight into household risk taking and retirement planning. These will be presented on alternate months.

The Bank of Ireland Savings and Investment Index is produced monthly from a minimum sample of 800 consumers aged 15 years and above. The ESRI carries out the Savings and Investment Index research to ensure the indices represent a national sample.