

## Savings and Investment sentiment moderates in September

### *‘Weaker saving and investment attitudes pulls index lower in month’*

- Saving, investment attitudes fall from record highs in August
- Irish saving habit remains strong, 50% of Irish people were saving regularly in September
- Confidence in the investment outlook at its highest since launch in October 2017

The Bank of Ireland/ESRI Savings and Investment Index, which measures Irish peoples’ sentiment towards saving and investment fell back from its August peak last month, easing from **106** to **103**. Despite this, Irish sentiment towards both saving and investment has risen from **100** to **103** in the first year since the index was launched in October 2017.

#### **Savings Index**

The monthly Savings Index fell back from **105** in August to **102** in September. The decline was driven exclusively by weaker attitudes towards saving which fell from a record high in August. The Savings Attitudes subindex fell from **112** in August to **104** in September. Saving patterns have been very strong in the first year of the Savings and Investment Index. This remained the case in September with 50% of people answering that they were regular savers.

However the percentage of people that felt they weren’t saving enough rose from **38%** in August to **45%** in September. The 45% reading is in line with the average response over the past twelve months so it doesn’t necessarily indicate a notable step up in anxiety levels around how much people are saving. However at the margin it could reflect a desire to pick up the pace of saving as we move closer to Christmas. Nervousness around Brexit could also be a factor although September’s regional data wasn’t clear cut on the subject – for example, while dissatisfaction around savings amounts rose in the Border Midwest region the incidence of any saving (regular and occasional) actually fell in the month.

The Savings Environment subindex was unchanged at **99** in the month. Generally Irish people were still of the view that it was a good time to save in September – **41%** of people felt it was a good time while **28%** felt it was a bad time. However, older savers’ views of the saving environment deteriorated in the month which could reflect the re-emergence of frustrations around the rates of return on offer for deposits in this low interest rate environment.

#### **Investments Index**

The Investment Index also fell in September from **106** to **103**. As with the savings index, weaker attitudes towards investment were the catalyst for the fall. The percentage of regular investors was stable at **31%**. However the percentage of people that said they weren’t investing enough rose to **34%** from a record low of **23%** the previous month – this drove the Investment Attitudes subindex down to **101** in September from **110** the previous month.

Despite the weaker attitudes to investment, Irish people were very optimistic about the outlook for investment markets in September. **34%** of people felt it was a good time to invest in September,

double the amount that felt it was a bad time **(17%)**. This drove the Investment Environment subindex up to **106** in September, its highest level since launch. World stock markets enjoyed another solid month in September (up 0.6% for Irish investors) as US stock markets hit fresh all-time highs.

Commenting on the September results for the Bank of Ireland/ESRI Savings and Investment Index, Tom McCabe, Bank of Ireland Investment Markets said *“September’s results marked the first anniversary for the Bank of Ireland/ESRI Savings and Investment Index. Although the index dropped in September, Irish sentiment towards both saving and investing has improved over the past year.*

*“Irish savings patterns have been very strong recently and the improved economy has been the key driver behind this. This continued to be the case in September. On the investment side, it is clear that prices are moving sentiment and that the stock market’s gains are resonating strongly with Irish investors. Ten years on from the collapse of Lehman Brothers, one of the darkest episodes of the Global Financial Crisis, investors appear to be in a better place.”*

### **Retirement Optimism Index**

The September results for the Bank of Ireland/ESRI Retirement Optimism Index continue to highlight that Irish attitudes towards the financial aspects of retirement remain changeable. The percentage of people that said they would find it difficult to live comfortably in retirement from a financial perspective fell to **38%** compared to **44%** in July. In addition the percentage of people saying that they had some financial preparation in place for retirement hit **60%** in September, the highest response since the question was first asked a year ago. Together these combined to drive the Retirement Optimism Index up from **95** to **104**, the highest level for the Index in its first year.

### **ENDS**

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#### **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.