

**Household Finance Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:30 (London) June 17<sup>th</sup> 2019**

## IHS Markit Household Finance Index™ (HFI™) – United Kingdom

### Financial health expectations turn positive for the first time since November 2018 despite downbeat assessment on current situation

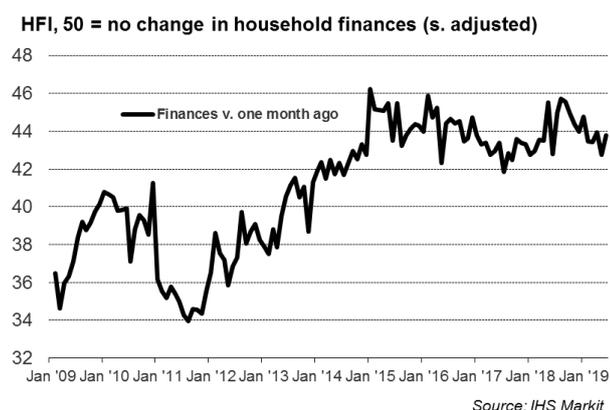
#### Key points for June 2019:

- UK households expect financial wellbeing to improve over coming 12 months
- Current financial health assessment remains negative
- Workplace activity and incomes from employment continue to rise

*Data collected June 6<sup>th</sup>-11<sup>th</sup> 2019*

This release contains the June findings from the **IHS Markit Household Finance Index™ (HFI™)**, which is intended to anticipate changing consumer behaviour accurately. The HFI is compiled each month by IHS Markit, using original survey data collected by Ipsos MORI. It is the first consumer survey published each month.

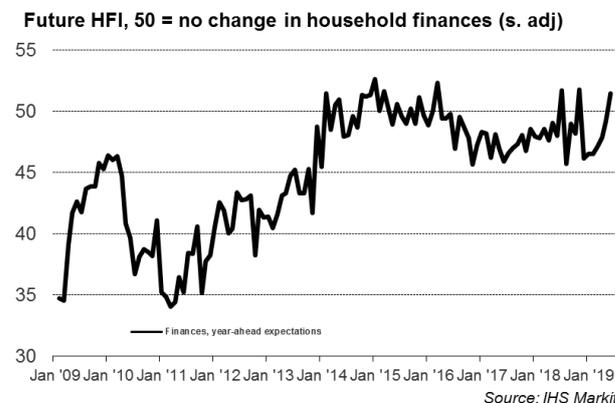
#### Current and future finances



The headline index from the survey, the seasonally adjusted **IHS Markit Household Finance Index (HFI)** – which measures households' overall perceptions of financial wellbeing – registered 43.8 in June, up from 42.8 in May but below the neutral 50.0 mark, thereby indicating negative perceptions towards current finances by UK households.

The latest figure was broadly line with the average seen across 2019 so far, but signalled a sharper degree of pessimism than seen throughout much of 2018.

However, signs of optimism emerged, with the Future Household Finance Index rising to 51.5 in June, from 49.2, to indicate positive expectations towards financial wellbeing over the coming year for the first time since last November.

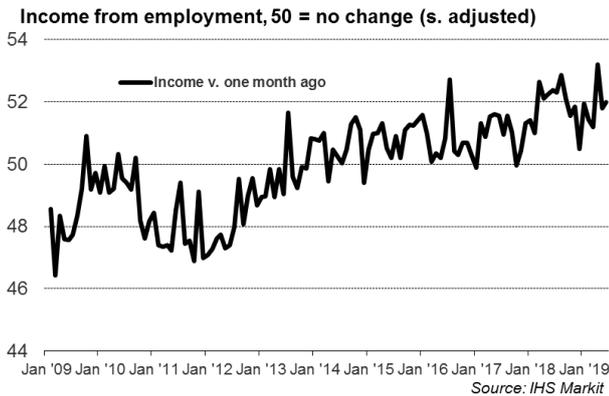


#### Workplace activity, income and job security

UK households continued to report rising activity at their workplaces, with latest survey data signalling solid growth. Nevertheless, job security perceptions remained negative for an eleventh successive month in June.

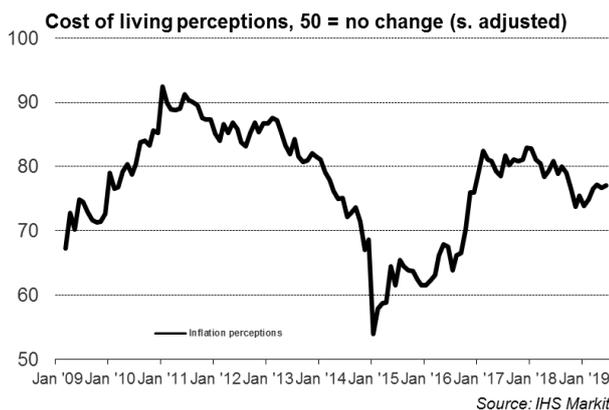
Incomes from employment also rose once again during the latest survey period. The rate of increase was relatively strong by historical standards, but was weaker than the series high recorded in April having eased for the second consecutive month.

*Continued...*



## Living costs and inflation expectations

UK households perceived current living costs to have risen strongly during June. According to survey data, the rate of inflation was broadly in line with those seen in the two preceding months. Meanwhile, inflation expectations were little-changed from May.

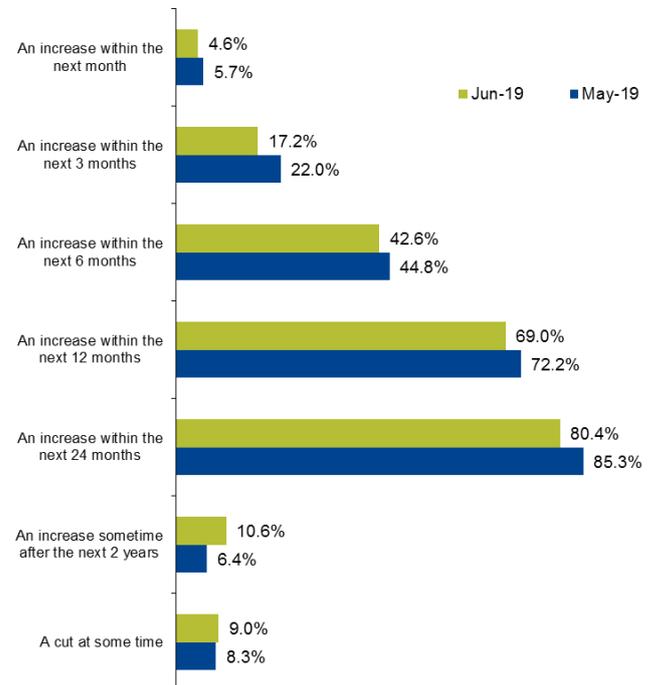


## Households' views on next move in Bank of England base rate

UK households maintained their expectations for a rate increase to be the next move by the Bank of England. While exactly 69% foresee an increase coming within the next 12 months, around 43% anticipate a rise by the end of 2019.

However, across all horizons, the proportion of UK households predicting an increase to be the next move declined since May. Precisely 9% now expect the Bank of England to cut rates as their next move, up from 8.3% in May.

## Households' views on the next move in Bank of England base rate\*



\*The interest rate set by the Bank of England is currently 0.75%. Please let us know when and how you think the Bank will next change interest rates by choosing one of the options below: Please choose one answer.

Source: IHS Markit

### Comment:

**Joe Hayes, Economist at IHS Markit**, which compiles the survey, said:

*“UK households were once again downbeat towards current finances during the latest survey run for June. The unclear path towards Brexit still lingers in the background, while uncertainty has been brought about by the end of Theresa May’s tenure as Prime Minister.*

*“Nevertheless, robust growth in incomes was recorded, while living cost perceptions were little-changed from the preceding two months. If meaningful wage growth and a low and stable inflation environment can be sustained, this should support purchasing power gains for UK households. Indeed, for the first time since November 2018, financial wellbeing expectations for the coming 12 months turned positive.”*

-Ends-

**For further information, please contact:**

## IHS Markit

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## Note to Editors:

### About the HFI

<sup>1</sup> The HFI is a “diffusion index”, which is calculated by adding together the percentage of respondents that reported an improvement plus half of the percentage that reported no change. The resulting index varies around the 50.0 “no-change” level, with readings above 50.0 signalling an improvement and readings below 50.0 a deterioration. The headline survey indices have been seasonally adjusted using the US Bureau of the Census X-12 programme. IHS Markit do not revise underlying (unadjusted) survey data after first publication.

The Household Finance Index™ (HFI™) survey was first conducted in February 2009 and is compiled each month by IHS Markit. The survey methodology has been designed by IHS Markit to complement the *Purchasing Managers’ Index*® (PMI®) business surveys, which are closely watched due to their timeliness and accuracy in anticipating changing business conditions. The HFI is intended to accurately anticipate changing consumer behaviour. Like the PMI surveys, the HFI tracks objective “hard data” on actual month-on-month changes, focusing on household spending, saving and debt levels, but also includes several forward-looking opinion questions to help anticipate future trends.

In a further similarity to the PMI survey methodology, the questionnaire is designed to be quick and easy to complete, incorporating a small number of key questions, which encourages regular participation among even high-level respondents.

The survey is based on monthly responses from approximately 1,500 individuals in Great Britain, with data collected by Ipsos MORI from its panel of respondents aged 18-64. The survey sample is structured according to gender, region and age to ensure the survey results accurately reflect the true composition of the population. Results are also weighted to further improve representativeness.

Prior to September 2010, the Household Finance Index was jointly compiled by YouGov and IHS Markit based on monthly responses from over 2,000 UK households, with data collected online by YouGov plc from its representative panel of respondents aged 18 and above. The panel was structured according to income, region and age to ensure the survey results accurately reflected the true composition of the UK population. Results were also weighted to further improve representativeness.

### Index numbers

Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with readings of exactly 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below 50.0 signal a decline or deterioration.

### Ipsos MORI technical details (June survey)

Ipsos MORI interviewed 1500 adults aged 18-64 across Great Britain from its online panel of respondents. Interviews were conducted online between June 6<sup>th</sup> – 11<sup>th</sup> 2019. A representative sample of adults was interviewed with quota controls set by gender, age and region and the resultant survey data weighted to the known GB profile of this audience by gender, age, region and household income. Ipsos MORI was responsible for the fieldwork and data collection only and not responsible for the analysis, reporting or interpretation of the survey results.

### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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