

Household Finance Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 01:01 (London) March 27th 2017

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

Household pessimism on Brexit impact becomes more widespread

Key points for March 2017:

- Just 29% of household see positive long-term impact on economy of EU referendum against 53% seeing negative effect
- Pessimism about longer-term impact has steadily intensified compared to last summer
- Even older generation has turned pessimistic
- Scotland is most pessimistic, followed by North East
- Lowest income group shifts from being most optimistic to most pessimistic

Data collected March 15-19th 2017

New survey data indicate that British households have become increasingly pessimistic of how the country's long-term economic prospects have been affected by last year's vote to leave the EU.

The findings are based on a representative cross-section of the British population that participate in the regular monthly **Markit Household Finance Index™** (HFI™), which is compiled from data from 1,500 respondents collected by Ipsos MORI.

The March poll showed the proportion of people expecting the economy to fare better over the next ten years as a result of last June's referendum fell to 29%, down from 39% last July. The proportion seeing economic prospects to have worsened has meanwhile risen from 42% to 53%.

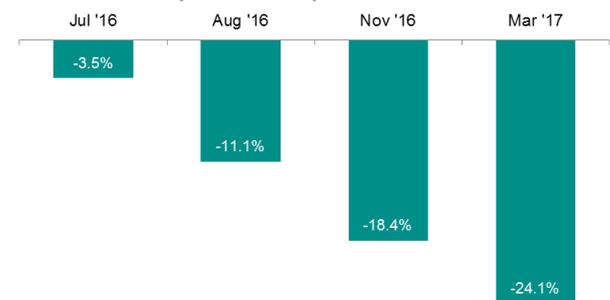
The resulting net balance of -24% in March is down sharply from the -3.5% seen last July, with interim surveys indicating how pessimism has steadily intensified since last summer.

Views on how the UK's economic prospects have changed due to the EU referendum

As a result of the EU Referendum vote to leave the EU, do you think the UK's economic prospects over the next 10 years have got better, got worse, or have stayed the same?

	Better	Same	Worse	Net balance
Jul-16	38.8%	18.9%	42.3%	-3.5%
Aug-16	35.3%	18.2%	46.5%	-11.1%
Nov-16	31.0%	19.7%	49.3%	-18.4%
Mar-17	28.9%	18.0%	53.0%	-24.1%

Net balance of optimists less pessimists



Source: IHS Markit 'HFI Survey'. Excludes 'don't knows'.

All regions turn pessimistic

By region, the greatest pessimism regarding the longer-term impact of Brexit continued to be seen in Scotland, followed by the North East and London.

The North East's pessimism is notable in that it was one of only four of the 11 British regions to have perceived a net positive impact in last July's survey, suggesting a strong turnaround in sentiment. However, sentiment has now turned negative in all regions. Like the North East, the South East, Yorkshire & Humberside and the South West are now all also reporting a net pessimistic view compared to the optimism seen last July.

Continued...

The lowest degree of pessimism was seen in Yorkshire & Humberside, followed by the East Midlands.

Older generation becomes pessimistic

The March survey also saw all age groups turn pessimistic on the long-term impact of Brexit. The youngest remained the most negative about the economic impact of Brexit. However, the March survey saw even the older generation now become net pessimists about the longer-run impact of the vote to leave the EU. The net balance among the 55-64 age bracket has swung from +10% last July to -8% in March.

Lowest income group shifts from being most optimistic to most pessimistic

One of the biggest turnarounds in sentiment about the impact of the EU vote has been evident in the poorest wage bracket. Last July's survey found those earning less than £15,000 per annum had been the only upbeat wage bracket, with a net balance of +10% of optimists exceeding pessimists. In contrast, the March survey reveals that the proportion of pessimists in this pay bracket now exceeds optimists by some 29%, which is the most pessimistic of all pay brackets.

Only manufacturing and construction workers see grounds for optimism

Those working in the public sector have become more negative than those employed in the private sector, having seen similar degrees of pessimism last July.

By sector, only manufacturing and construction employees are positive on balance about the long-term impact of Brexit, with the number of optimists in fact outnumbering pessimists in both sectors to a greater extent than seen late last year.

The greatest degree of pessimism was again seen in media, culture and entertainment, followed by IT & Telecoms and education, health & social services.

Comment:

Chris Williamson, chief business economist at IHS Markit, which compiles the survey, said:

"The survey data indicate that the British have become increasingly pessimistic about the long-term impact of the decision to leave the EU.

"Whereas opinions on the long-term impact of Brexit were finely balanced in the immediate aftermath of last June's vote (albeit leaning towards pessimism), a negative view of the economic consequences has become increasingly apparent and widespread.

"Pessimism has now spread to all age groups and income brackets. Shortly after the referendum, the older generations and the very poorest families were the exceptions in considering Brexit to be beneficial to the long-term health of the economy. However, even these pockets of the population have now become pessimistic.

"The most marked turnaround is evident among the poorest paid, who have switched from being the most optimistic to now being the most downbeat.

"Only those working in manufacturing and construction see Brexit as beneficial to the long-run health of the economy, the former presumably perceiving some benefit of the weaker pound in boosting exports.

"Much will inevitably depend on the Brexit negotiations, and it will be fascinating to see how sentiment changes over course of the next two years, and hopefully we'll see sentiment turn more positive. However, for now it seems that the population has at least become more downbeat on the economic consequences of Brexit."

-Ends-

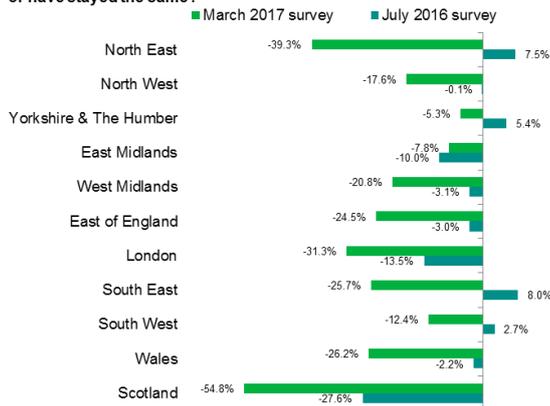
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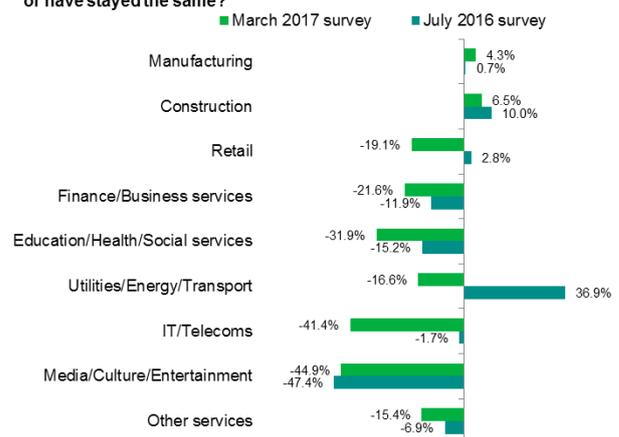
Results by region

As a result of the EU Referendum vote to leave the EU, do you think the UK's economic prospects for the next 10 years have got better, got worse, or have stayed the same?



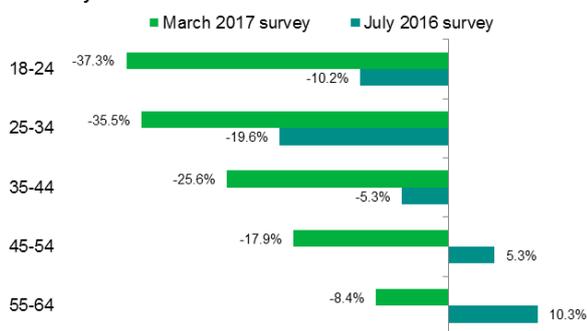
Results by sector

As a result of the EU Referendum vote to leave the EU, do you think the UK's economic prospects for the next 10 years have got better, got worse, or have stayed the same?



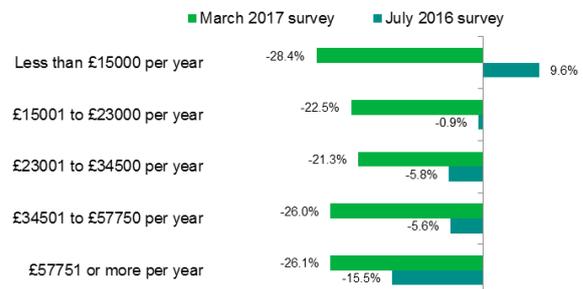
Results by age

As a result of the EU Referendum vote to leave the EU, do you think the UK's economic prospects for the next 10 years have got better, got worse, or have stayed the same?



Results by income

As a result of the EU Referendum vote to leave the EU, do you think the UK's economic prospects for the next 10 years have got better, got worse, or have stayed the same?



Note to Editors:

Ipsos MORI technical details (March survey)

Ipsos MORI interviewed 1500 adults aged 18-64 across Great Britain from its online panel of respondents. Interviews were conducted online between March 15th – 19th 2017. 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.

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