Spending Power confidence took a further step forward in June

- Attitudes towards the current financial situation rose once more and the future situation bounced back this month as consumer confidence continues to grow.
- June also saw falling spend on essential bills and levels of discretionary income increasing.
- Seven in ten empty nesters feel positive about their personal financial situation – significantly higher than their younger counterparts.

The latest Lloyds Bank Spending Power Report shows another month on month increase in consumer confidence. Following last month’s improvement and record high of 160, the Overall Index has increased to reach a new all time high of 164. This has been driven by an improvement to the Current Situation Index and a marginal improvement to the Future Situation Index.

Current Situation Index – sentiment towards current personal finances
The upward trend continues, driven by an increase in sentiment towards people’s personal financial situation (up 5 percentage points (pp) to a high of +31%), household financial situation (up 2pp to +22%) and an increase in the proportion with disposable income (up 2pp to 80%).

Lloyds Banking Group economic data shows that June saw a further fall in year on year essential spending of -1.2% overall, with the spending reductions being boosted this month by falls in water bills (-1.3%).

Future Situation Index – the measure of confidence towards finances in six months’ time
After three consecutive months of a falling Future Situation Index, June saw a small increase of 2 points, with more people now expecting to be able to save more, and have more discretionary income in six months’ time.

Claire Garrod, Head of Personal Current Accounts at Lloyds Bank, said: “Spending power confidence continues to increase with people spending less on essential bills in June, and having more discretionary income. However, the degrees of confidence are very different for different consumers. Empty nesters are feeling more positive about their personal finances than younger generations, who have greater concerns about the employment market and saving for the future.”
**Spending power for different consumers**

Empty nesters feel significantly more positive towards their personal financial situation than their younger counterparts. 70% say it is good, compared to 61% of those with families and 58% of young singles. Almost two thirds (63%) of Britain’s young singles think the country’s employment situation is not good, compared to nearer half (49%) of those with families and 51% of empty nesters.

People are inclined to spend any spare money they may have, regardless of life stage. However, empty nesters are most likely to save any money left at the end of the month, with one in three (33%) doing so.

Young singles are the most hopeful group about saving for the future with almost a third (31%) expecting to be able to save at least somewhat more in six month’s time than they do now. Women are more positive than men with regards to sentiment toward future saving. Over one in four (23%) women expect to save more than they do now, compared to under one in five (19%) men.

On average, just under one in five people (19%) think that they will have more money in 6 month’s time. However this varies greatly between the different consumer types, with almost a third (32%) of young singles saying they will have much or somewhat more money in 6 month’s time, compared to one in four (24%) of families with kids and just one in ten (11%) of empty nesters.

Older people with debt are less hopeful that they will be able to pay off more of it in the future than their younger counterparts. 18% of those aged 18-44 with debt expect to pay off much more or somewhat more in six month’s time compared to just 10% of those aged between 45-75. Some families may expect the load to lighten in the future with just over one in six (16%) of families with debt saying they expect to be paying less in servicing it in six months’ time.

**Patrick Foley, Chief Economist at Lloyds Bank, said:** “Consumers remain in good spirits, with sentiment buoyed by a combination of strengthening wage growth and muted price pressures. And with uncertainty in the international environment ebbing a little, the economic backdrop looks conducive to a pickup in the pace of the UK’s recovery through the second half of the year.”

**Ends**
Notes to editors

Chart 1 – Spending Power Indices

The four indices are calculated to provide a reflection of the public’s attitude to the general economic situation (the Economic Situation Index are composed of sentiment on the country’s financial situation, the UK housing market, Britain’s employment situation and the current levels of inflation) and their perceived current and future individual circumstances (the Current and Future Situation Indices are composed of sentiment on personal and household financial situation, employment and job security and perceptions of levels of spending, saving and debt payment). The Overall Spending Power Index is a combination of the Current and Future Situation Indices.

The Lloyds Bank Spending Power Report is derived from independent consumer research and current account data of Lloyds Bank, Halifax and Bank of Scotland customers. This provides a robust and representative sample of the entire UK market and its essential spending behaviours.

Essential spending components are made up of rent, mortgage and required debt payments, utility bills, council tax, TV licences, food and fuel, which are identifiable from card spending, direct debits and standing orders from current account data. There are strong calendar effects within essential spending components, some of which will be accounted for using year-on-year growth rates while we attempt to adjust for irregular calendar effects. As a longer history of data becomes available, the adjustment methodology may be altered in future to better correct some of these changes.

Each month, over 2,000 adult bank account holders are asked about their current and future spending habits and how their commitments affect their spending power. Consumer research is compiled in conjunction with Ipsos MORI: Ipsos MORI interviewed a representative sample of 2,070 adults who hold a bank account aged 18-75 across the United Kingdom. Interviews were conducted online between 15th and 24th June 2015. Survey data were weighted to the known population proportions of this audience.


The “consumer profiles” are a reflection of different life stages using demographic data to combine people surveyed into groups. These profiles are created by using standard demographic data which includes, gender, age, marital status and number of children under the age of 18 who live in the household.
These are defined in the following ways:

Young Singles n = 109
- 18-24 year olds
- Single or living with a partner
- No children

Families with kids n = 464
- 25+
- Any marital status
- Has children

Empty nesters n = 449
- 45+
- Any marital status

1 People or people’s refers to people surveyed as per Editor’s notes.

This document has been prepared by Lloyds Bank plc (“Lloyds Bank/Us/Our/We”) for information purposes only. This document is not intended to be investment research and has not been prepared in accordance with legal requirements to promote the independence of investment research and should not necessarily be considered objective or unbiased. Any views, opinions or forecast expressed in this document represent the views or opinions of the author and are not intended to be, and should not be viewed as advice or a recommendation. You should make your own independent evaluation, based on your own knowledge and experience and any professional advice which you may have sought, on the applicability and relevance of the information contained in this document.

The material contained in this document has been prepared on the basis of information believed to be reliable and whilst We have exercised reasonable care in its preparation, no representation or warranty, as to the accuracy, reliability or completeness of the information, express or implied, is given. This document is current at the date of publication and the content is subject to change without notice. We do not accept any obligation to any recipient to update or correct this information. Lloyds Bank, its Directors, officers and employees are not responsible and accept no liability for the impact of any decisions made based upon the information, views, forecasts or opinion expressed.

This document has been prepared by Lloyds Bank, which is a trading name of Lloyds Bank plc. Lloyds Bank plc. Registered Office: 25 Gresham Street, London EC2V 7HN. Registered in England and Wales no. 2065. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 119278.