



Press release

Statistics Netherlands

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Dip in consumer confidence after attacks in the USA

Consumer confidence in the Netherlands fell substantially after the terrorist attacks in the USA. After the attacks the confidence index fell by another 9 points as compared to the regular September figure as it developed before the events. The pre-event figures showed that consumer confidence was stable compared to August. This is the outcome of the *Consumenten Conjunctuur Onderzoek* (economic survey among consumers) carried out by Statistics Netherlands which was expanded especially because of the events. Ten days after the attacks, consumers are clearly more pessimistic about the economic developments in general. The willingness of households to purchase has also been affected, in particular because of the sombre outlook on their own financial situations. However, the area of major purchases seems hardly affected by the terrorist attacks.

Consumers pessimistic because of attacks

About 10 days after the terrorist attacks on 11 September Dutch consumer confidence is down 9 points on the regular September figure on the index. Consumer confidence consists of two parts: the opinion about the economy in general and willingness to purchase. Both aspects show comparable dips in confidence. The opinion about the economic climate fell by 10 points, willingness to purchase by 8. Compared to other crises the drop in willingness to purchase is quite substantial.

The fact that households are less willing to purchase is mainly due to the less favourable expectations of the households' own financial situation. Despite this the attacks seem to have had little effect on the opinion of consumers as to whether this is a good time for major purchases. Both before and after the attacks consumers felt that the time was slightly less favourable than in August.

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Consumer confidence in earlier crises

Consumer confidence reacted strongly during earlier political-military crises. When the Gulf war broke out in 1990 the index fell by 20 points in three months time. The reaction was not as strong to problems at the stock exchanges. When the crash came, late in 1987, and during the dip in share prices early on in 2001 consumer confidence fell only by a few points. Consumer confidence reacts strongly to structural economic developments, such as rapid growth or substantial slowdowns in the economic growth rate. At the outbreak of the Asia crisis in 1998 the index fell by 20 points in two months time. Right before the Fokker company went bankrupt in 1996 confidence fell by about 12 points.

Usually less consequences for willingness to purchase

In earlier crises the fluctuations in consumer confidence were caused mainly by the opinions on the economic developments in general, which is one aspect of consumer confidence. The other aspect, willingness to purchase, usually did not fall as much during other crises. During the Gulf war there was a 12 point dip in willingness to purchase, whereas the opinion about the general economic situation fell by 32 point, which is two and a half times as much. Currently, after the terrorist attacks in the USA, willingness to purchase has dipped by 8 points and opinions about the economic situation by 10.

Regular consumer confidence figure for September had been stable

Consumer confidence in September according to the normal calculation was the same as it had been in August. Most answers were given before the attacks on 11 September, so they reflect the opinions consumers held before the events in the USA. This outcome showed that confidence was stabilising, after a major drop in the period December 2000- June 2001.

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Table 1: Consumer confidence, economic climate, willingness to purchase and major purchases: comparison of September figures before and after the attacks in the USA (original series)

	Consumer confidence	Economic climate	Willingness to purchase	major purchases
2001-Augustus	-5	-35	15	21
September (regular)	-5	-33	14	17
September (after attacks)	-14	-43	6	16

Table 2: Consumer confidence, economic climate, willingness to purchase and major purchases: balance of positive and negative answers (original series)

	Consumer confidence	Economic climate	Willingness to purchase	major purchases
2000-July	25	25	25	42
August	26	24	27	41
September	24	23	25	38
October	23	21	24	35
November	17	14	19	29
December	19	14	22	34
2001-January	15	10	19	22
February	11	-1	19	21
March	5	-13	18	25
April	0	-26	17	21
May	3	-20	17	25
June	-4	-29	13	25
July	-2	-28	15	24
August	-5	-35	15	21
September (regular)	-5	-33	14	17

Source: Statistics Netherlands

Table 3: Details economic climate: balance of positive and negative answers (original series)

	Economic climate		
	Last 12 months	Next 12 months	Total
2000-July	35	14	25
August	35	14	24
September	36	10	23
October	33	9	21
November	25	2	14
December	24	4	14
2001-January	27	-7	10
February	16	-18	-1
March	5	-32	-13
April	-13	-40	-26
May	-12	-27	-20
June	-21	-38	-29
July	-22	-35	-28
August	-28	-43	-35
September (regular figure)	-28	-38	-33

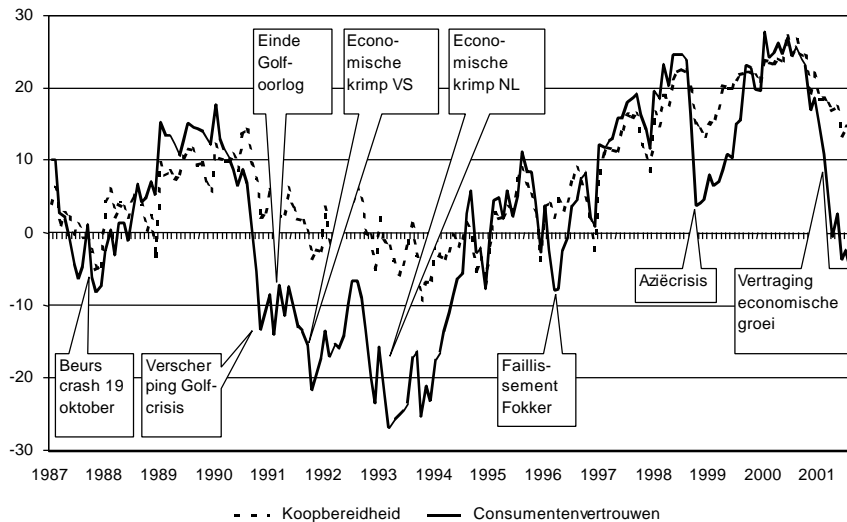
Source: Statistics Netherlands

Table 4: Consumer confidence, economic climate, willingness to purchase and major purchases: balance of positive and negative answers (seasonally corrected figures)

	Consumer confidence	Economic climate	Willingness to purchase	major purchases
2000-July	22	22	22	35
August	23	21	24	34
September	21	18	23	37
October	22	18	25	38
November	21	18	23	38
December	24	19	27	47
2001-January	14	7	18	20
February	12	2	18	22
March	6	-12	18	25
April	0	-23	16	21
May	2	-20	17	22
June	-5	-29	11	18
July	-5	-31	12	16
August	-8	-38	12	14
September (regular figure)	-7	-38	13	16

Source: Statistics Netherlands

Graph 1: Consumer confidence in the long term



Bron: CBS

Events in boxes

Willingness to purchase

Consumer confidence

Crash at Stockmarkets 19 October

Gulf war start

Gulf war end

Econimoc dip USA

Economic dip in The Netherlands

Bankruptcy Fokker

Assia Crisis

Slowdon economic growth