

Northern Ireland consumers becoming a little less worried and more willing to spend in August

Analysis by Austin Hughes, Economist.

Northern Ireland consumer sentiment improves materially between May and August

- **Concerns about economic outlook ease but job worries increase**
- **Household finances on an improving trend as incomes now rising faster than consumer prices**
- **Caution persists but more consumers now see this as a good time to make major purchases**
- **NI consumer sentiment sees larger improvement than elsewhere through past year**
- **Special question suggests Northern Ireland consumers still dealing with sharp increases in grocery prices and other household bills, leading to pullback in other spending**
 - **69% of NI consumers say they are spending more on groceries now than a year ago, with 94% of those saying its due to higher prices**
 - **61% of NI consumers say they are spending more now on other household bills (excluding housing) with 92% citing higher prices as the cause**
 - **27% of NI consumers say they are spending more on mortgage or rent than a year ago while 14% are spending less**
 - **20% of NI consumers say they are spending more on going out than a year ago but 51% are spending less**
 - **26% of NI consumers are spending more on discretionary purchases but 38% are spending less**

Summary

Northern Ireland consumer confidence improved materially between May and August 2025. The upswing in sentiment largely reflects easing concerns around

household finances but Northern Ireland consumers have also become a little less negative about the general economic outlook in the past three months. However, their nervousness around job prospects has increased somewhat.

The August 2025 sentiment survey suggests a clear and continuing easing in Northern Ireland consumers' concerns around their own household finances. This has been prompted by a faster increase in incomes than in prices of late and assisted by falling energy prices in recent months. That said, **responses to a special question in the August survey emphasise how substantial an impact rising prices of staples have had on Northern Ireland households in recent years.**

So, the picture painted by the August consumer sentiment survey is one of conditions that remain challenging for many Northern Ireland households but are now moving in a more encouraging direction of late.

The improvement in Northern Ireland consumer sentiment between May and August was notably larger than that seen in the corresponding confidence measure for the Republic of Ireland and contrasts further with a fall in EU consumer confidence over the same period. The change in consumer mood was more comparable to that seen across the UK as a whole for the past three months. However, **the easing in consumer concerns in Northern Ireland over the past year is notably more pronounced than elsewhere.**

Section I; Improvement in sentiment suggests NI consumers are less negative about their household finances and slightly less nervous about the economic outlook.

The August 2025 Credit Union Northern Ireland Consumer Sentiment Survey (in partnership with Core Research) shows reduced concerns about household finances and an increased willingness to spend. Thinking is mixed around the general economic outlook with a little less degree of negativity about the outlook for activity but some increased nervousness around the outlook for jobs.

Overall, the Northern Ireland consumer sentiment reading for May 2025 is clearly less negative than the May survey and also somewhat better than the February survey which was the strongest of all the quarterly readings seen since the survey commenced at the start of 2023. Hence, **the August sentiment survey suggests the mood of Northern Ireland consumers is now at its brightest in nearly three years.**

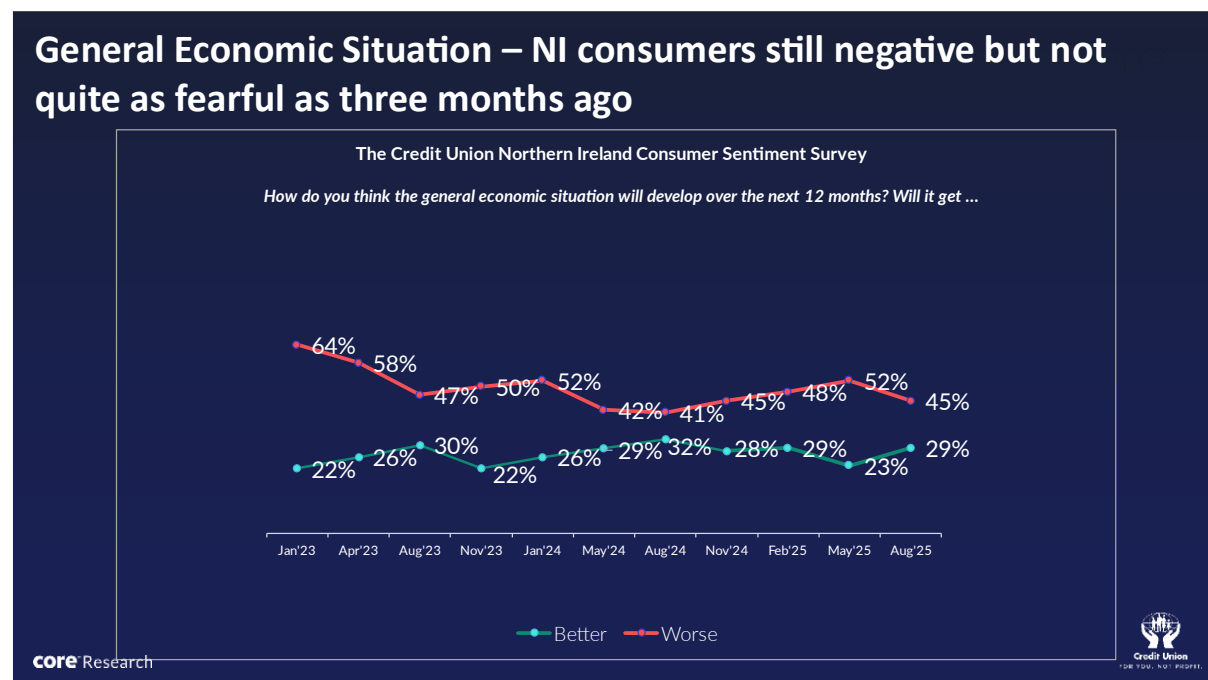
This is not to say that economic and financial conditions in Northern Ireland are particularly positive at present. The balance of responses suggests an acute

awareness of local and global difficulties. However, from a consumer perspective, these issues now appear less overwhelming than has been the case in recent years and, importantly, seem to be moving in a generally less negative direction notwithstanding a still very uncertain global backdrop.

Concerns about the economic outlook have increased of late

The sentiment survey asks Northern Ireland consumers both ‘macro’ questions in relation to the general economic outlook and ‘micro’ questions in relation to their own household finances.

Most data and commentary suggest that in common with most other economies worldwide, **the Northern Ireland economy has faced into an uncertain and threatening future through most of 2025.** Reflecting this, recent purchasing manager surveys point to sluggish momentum in business activity through the early summer months of 2025.



As the diagram above illustrates, **the balance of thinking among Northern Ireland consumers about the economic outlook remains clearly negative at present,** continuing a consistent trend evident since the January 2023 reading. **However, the current reading is the least negative since the August '24 survey.**

As the various reasons why Northern Ireland consumers might hold negative views on the general economic outlook are well aired, **it may be worth considering why thinking has improved somewhat of late.**

While most commentary rightly emphasises the negative impact of tariffs and other trade restrictions on economic prospects, a number of developments through the

survey period suggest their influence on the near-term outlook may not be quite as damaging as had been feared.

First of all, **the US-UK framework deal places the Northern Ireland economy in a comparatively favourable position** vis-a-vis EU exporters to the US. Goods from Northern Ireland will be covered by the UK's 10 per cent tariffs, while goods from the Republic of Ireland and other EU countries will be subjected the 20 per cent tariffs placed on the EU.

Second, official analysis suggests the impact of US tariffs on the UK and Republic of Ireland economies will be negative but should prove less traumatic than media commentary had initially suggested. As a result, **key markets for Northern Ireland should weather the current trade turbulence.**

Third, a recent Department for the Economy study ([The Direct Economic Impact of the New USA Tariff Regime on the Local Economy](#)) suggested that a tariff of 10% on NI goods exports to the US could cost the Northern Ireland economy a little under £100m (0.17% of GDP) and around just under 1,000 jobs (0.11% of employment) over the next 15 years. This analysis **implies the prospect of relatively contained or modest damage to the Northern Ireland economy** in the context of the scale of improvement in activity and employment in recent years.

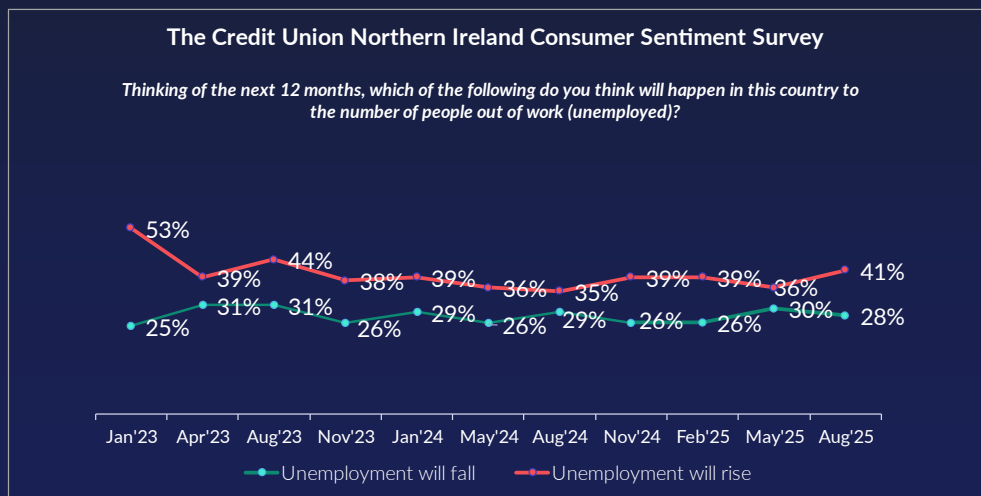
Fourth, a softer trend in Sterling against the Euro on foreign exchange markets **will provide some short-term competitive advantage to Northern Ireland companies** vis-a-vis Euro area firms.

Finally, framework agreements on tariffs at least remove the threat of a fully blown trade war and, in the process, have resulted in notably less media commentary on downside economic risks of late.

With the Northern Ireland economy proving more resilient than expected in recent years, it may be that consumers, who have been consistently negative about economic prospects, are extrapolating reduced negativity about their household finances into slightly less nervousness about the economic outlook.

Employment outlook worsens as unemployment ticks higher
Although Northern Ireland consumers were less nervous about the general economic outlook, they were a little more pessimistic about the prospects for jobs in August than they were three months ago, as the diagram below illustrates.

Outlook for jobs remains a concern



core Research



As the diagram clearly shows **Northern Ireland consumers remain negative overall on the outlook for employment**, but they appear a little more concerned in August than they were in May, when the survey suggested a little less nervousness in relation to job prospects.

As the diagram above indicates, the weakening in the jobs element of the August survey was primarily driven by an increase in the number of consumers who expect unemployment to rise over the next twelve months.

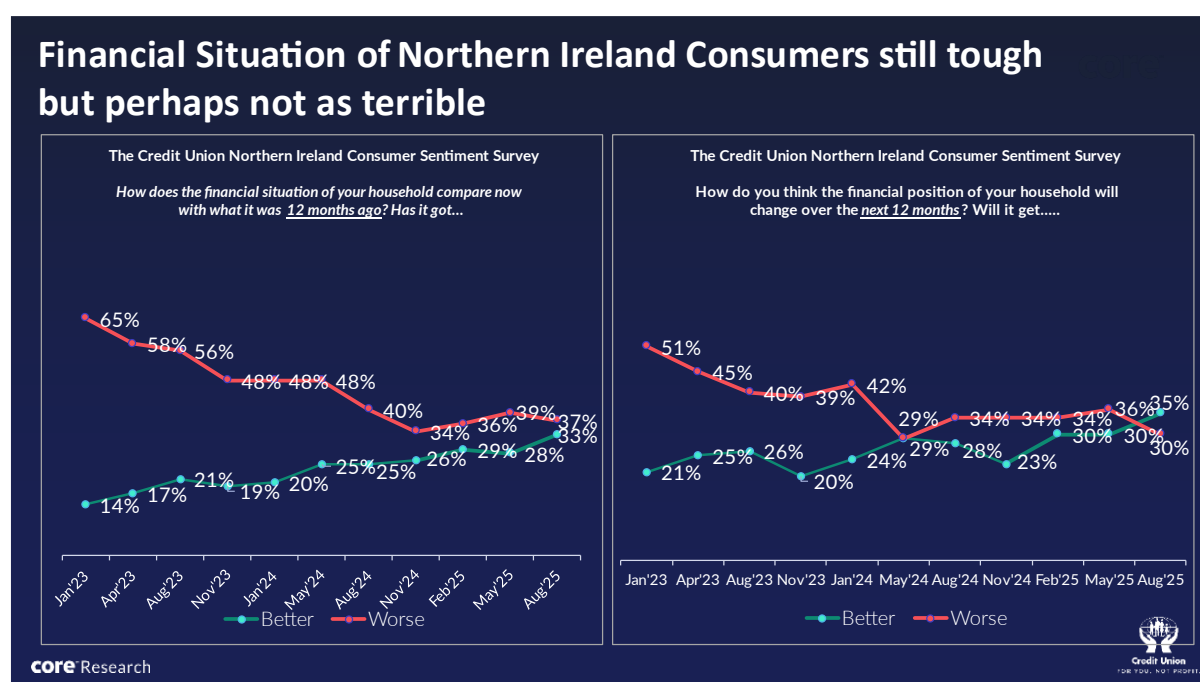
The weakening in this area of sentiment appears broadly consistent with the latest official data that show a marginal fall in numbers at work on both a quarterly and an annual basis **together with an increase in the Northern Ireland jobless rate** from 1.6% in the first quarter to 2.4% in the second quarter of 2025.

It might be noted that data on employee numbers, based on PAYE figures, are slightly more encouraging, in that while they suggest the number of payrolled employees in Northern Ireland has held steady over the past three months and is fractionally higher than a year ago. It should be mentioned that these data would not attract the same attention as the official unemployment reports.

Northern Ireland consumers appear less concerned about cost-of-living pressures and modestly positive on prospects for improving spending power

For the past couple of years, the major factor influencing consumer sentiment in Northern Ireland, as is the case in most economies, has been the surge in living costs. This has meant that consumers in Northern Ireland were very negative in their assessment of their own personal financial circumstances, a view reflected in previous readings in this element of the sentiment survey, as the diagram below shows.

However, the diagram also hints, at least tentatively, at an emerging improvement in the spending power of Northern Ireland consumers in the past three months.



While the intensity of these pressures eased through 2024 as inflation slowed down and interest rates were cut, living costs remain elevated meaning that while they aren't as overwhelmingly negative, **Northern Ireland consumers have generally continued to be concerned about the way their spending power has weakened in recent years.**

However, incomes have started to improve in Northern Ireland, led by wage gains that have outstripped the rise in consumer prices of late. It is now generally expected that earnings growth will continue to outpace inflation in the year ahead. **As a result, the sentiment survey suggests the intensity of cost-of-living concerns is easing.**

Material changes in the household finances elements of the August 2025 sentiment survey suggest a clear if still cautious improvement in consumer thinking in regard to household finances. This likely owes much to a less threatening path now emerging

because, for many, household incomes are now increasing at a faster pace than living costs.

While the balance of responses suggests significant numbers of households remain under financial strain, it also seems that more consumers now feel conditions are starting to move in a modestly more positive direction.

The survey also points towards a small but important distinction between how things have been and how they might be in the future. There is a clear difference between consumers' assessment of their household finances over the past twelve months, which still shows a negative balance overall (albeit to the lowest level in ten survey readings), and the outlook for household finances for the next twelve months, which shows the first positive balance overall in the survey since it started in early 2023.

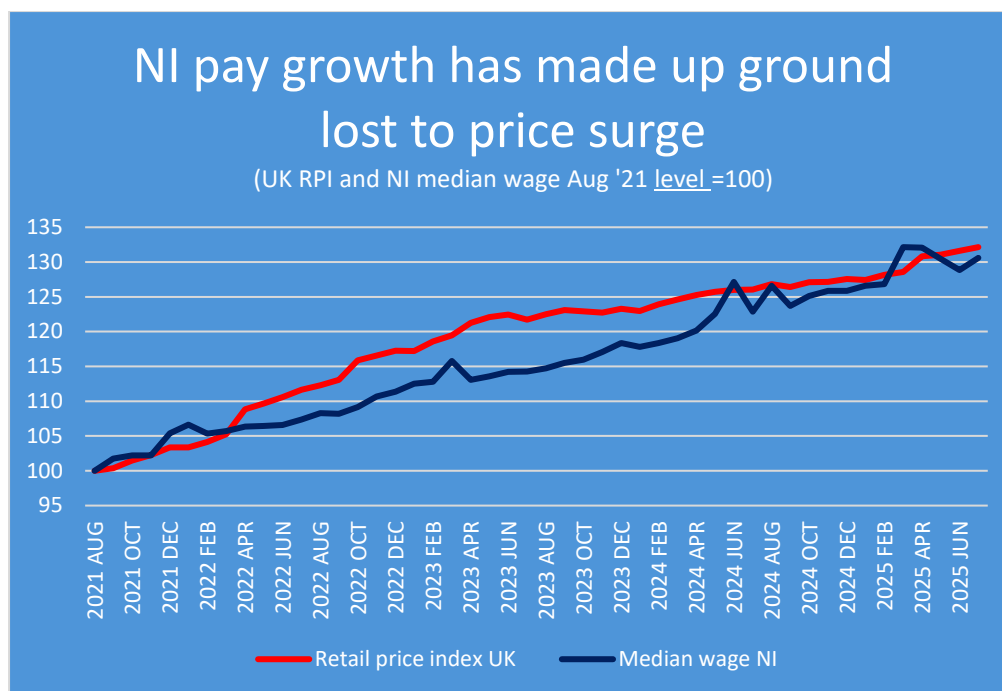
It is important to emphasise that the scale of change in the household finances element of the survey doesn't signal an end to pressure on living costs for Northern Ireland consumers.

The levels reported in the August sentiment survey still suggest substantial financial challenges for many households while the change in readings since the last survey implies improvements have been significant but far from spectacular. Moreover, as responses to the special questions in Section II below indicate, the current financial position of most Northern Ireland households remains challenged by higher living costs.

However, the August sentiment survey does suggest consumers see some light at what they hope is the looming end to what has been a long and difficult tunnel. An easing trend in energy costs and a sequence of interest rate cuts have undoubtedly helped in this regard.

Another key ingredient has been a faster pace in earnings growth than in retail price inflation of late (we focus on retail price inflation rather than consumer price inflation because it captures the mechanical impact of interest rate changes on living costs).

Median pay in Northern Ireland has outpaced UK inflation of late and, as the graph below illustrates, the cumulative increases in earnings and retail prices over the period since mid-2021 when inflation began to accelerate are now back broadly in line with each other.



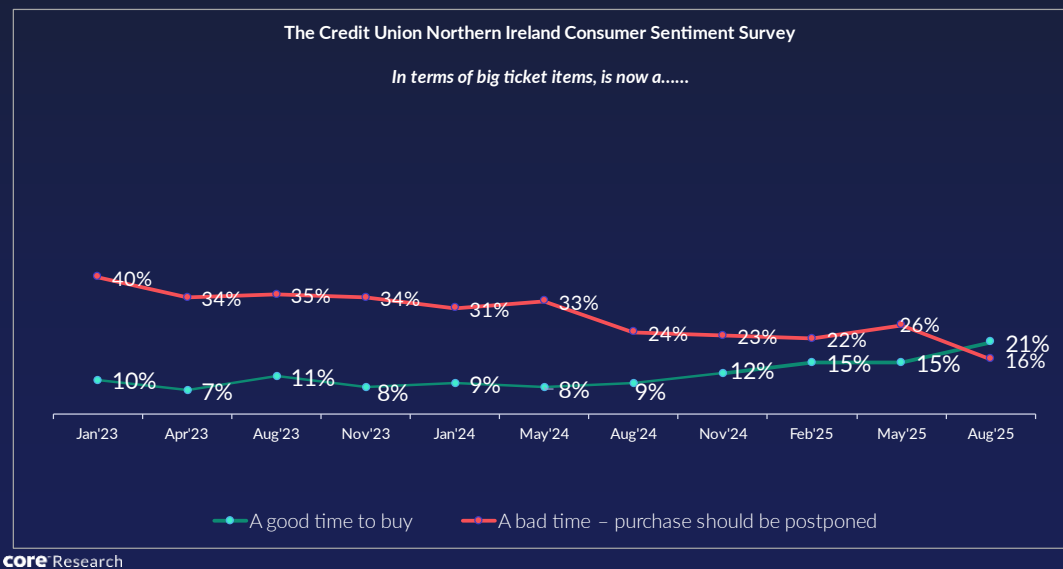
In a broad sense, **the tone of the household finances elements** of the August 2025 Credit Union Northern Ireland Consumer Sentiment Survey (in partnership with Core Research) **appears consistent with ground lost to surging living costs now gradually being made up.** This appears consistent with the picture painted by the diagram above.

While it is important to highlight the improvement in the household finances element of the August survey, we would also emphasise that it remains tentative and, as a result, vulnerable to setback. Moreover, at current levels the survey reading suggests that consumers in Northern Ireland continue to take a cautious view overall of their own personal financial circumstances.

Northern Ireland consumers are more willing to spend in August

Not surprisingly, the generally more positive tone of the August sentiment survey is also reflected in an improvement in spending plans. As the diagram below illustrates, this continues a gradual if uneven trend improvement in this element of the survey that appears to have been interrupted in the May reading, possibly by concerns around the impact of US tariffs.

Northern Ireland consumers less afraid to spend in August



The improvement in the buying climate in the August sentiment survey is notable in that it **marks the first time the survey has found more Northern Ireland consumers are of the view that now is a good rather than a bad time to buy 'big-ticket' items.** This suggests the Northern Ireland spending environment is now clearly healthier than that seen through the past couple of years.

Again **we should qualify this result** in that both the current balance between positive and negative spending views as well as the change since the last survey suggest that **we may be seeing a significant improvement but it is not any signal of an approaching spending boom.**

The sequence of cuts in Bank of England interest rates, improving incomes and easing energy costs likely all played a role in this result. So too, might summer sales discounts and more favourable trends of late in UK prices in areas such as furniture and Audio-visual goods.

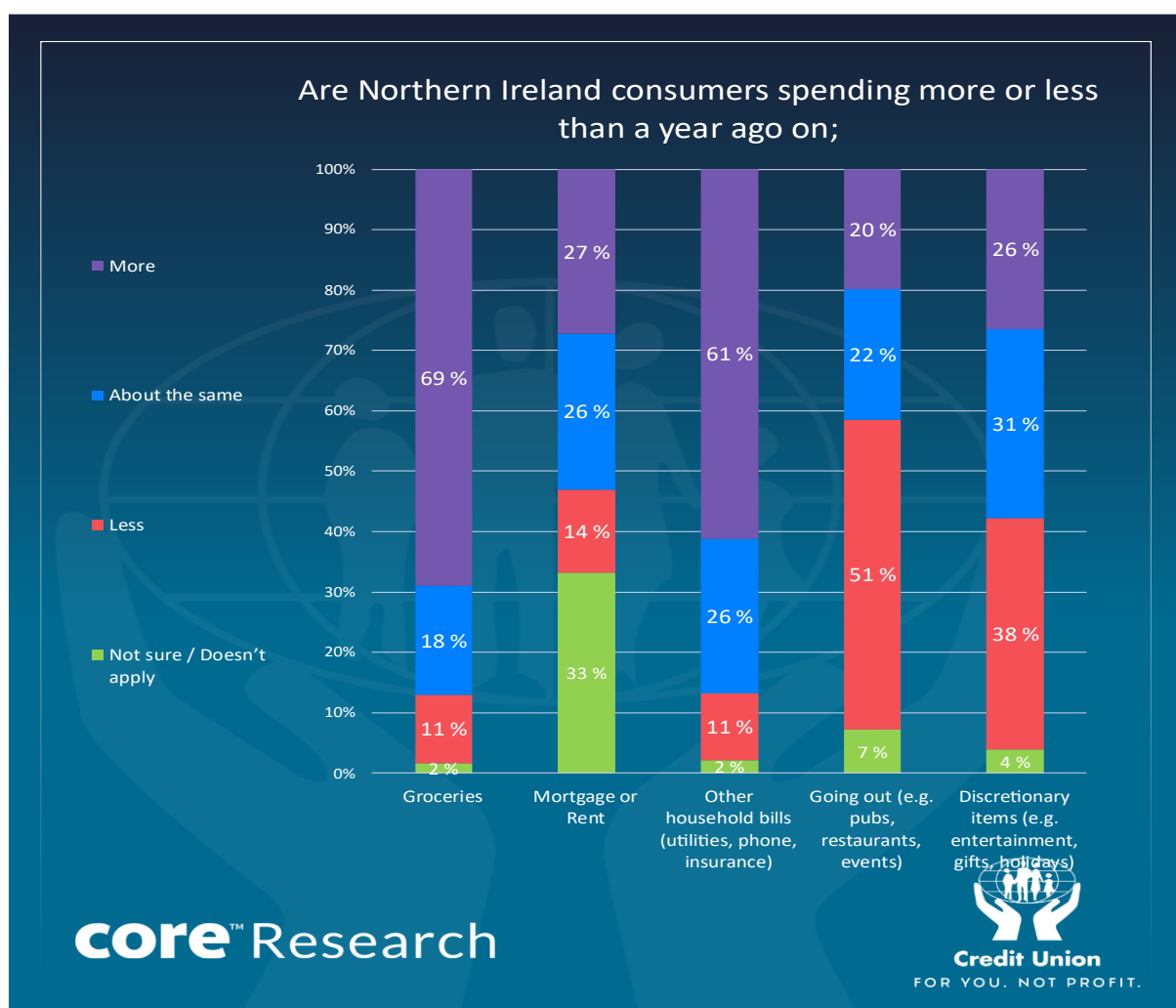
Finally, it is important to note that difficult living cost conditions in recent years likely resulted in the postponement of replacement purchases of various household durables. So, even a modest change in circumstances is prompting some of this pent-up demand to materialise.

Importantly, **this result at least tentatively suggests that an environment of widespread cutbacks may be giving way to a modestly healthier consumer spending climate.** However, responses to the special question in the August sentiment survey clearly indicate that Northern Ireland consumers spending power remains constrained.

Section II; Northern Ireland consumers still adjusting to higher prices for staples

As usual, **The August 2025 Credit Union Northern Ireland Consumer Sentiment Survey** (in partnership with Core Research) included supplementary questions on topics of current interest. **For the August survey, we asked Northern Ireland consumers whether they had increased or reduced their spending in various areas and why this was the case.**

We first asked whether consumers were spending more now than a year ago across some of the key areas of household outlays. The results are shown in the diagram below.



In broad terms, the table suggests that the majority of Northern Ireland **consumers are spending more now than a year ago on necessities such as food and household bills** while there is also a **tendency towards less spending on discretionary items and going out.**

The table shows **the most widely based step-up in spending is on groceries, with just over two-thirds of consumers (69%) saying they are now spending more on groceries than a year ago and fewer than one in five consumers (18%) saying they are spending less.**

Increased spending on groceries is common across all demographics but those saying they were facing difficulty making ends meet were more likely to say they had cut back spending in this area and somewhat less likely to say they were spending more than a year ago relative to other groups.

The sense of broadly based upward pressure on the cost of necessities through the past year is suggested **by the substantial majority of consumers who say they now have higher outlays on other household bills than a year ago** (61% spending more against 11% spending less). Again, these results were broadly based across demographics but there was a somewhat greater incidence of increased spending across higher income consumers and reduced spend among those with difficulty making ends meet.

While most Northern Ireland consumers say they are spending more on necessities than a year ago, relatively few are spending more on discretionary items and going out, with a greater number saying they have cut back.

Again the commonality of responses across demographics is striking but those on higher incomes and those aged 25 to 34 were somewhat less likely to have reduced spending on going out in the past year than other groups.

In relation to spending on discretionary items, there was less evidence overall of a substantial change in behaviour through the past year than for other areas of spending. There was also a little more variation in responses with males, younger consumers and those on higher incomes more likely to be spending more and females, older consumers and those making ends meet with difficulty more likely to be spending less.

Presumably reflecting a greater incidence of outright home ownership, those aged over 55 were notably less likely than other demographics to say they were paying more on mortgage and rent than a year ago. Comparatively high numbers of those aged 35 to 45 and those on higher incomes were likely to say they were paying more.

Why do Northern Ireland consumers say their spending has changed?

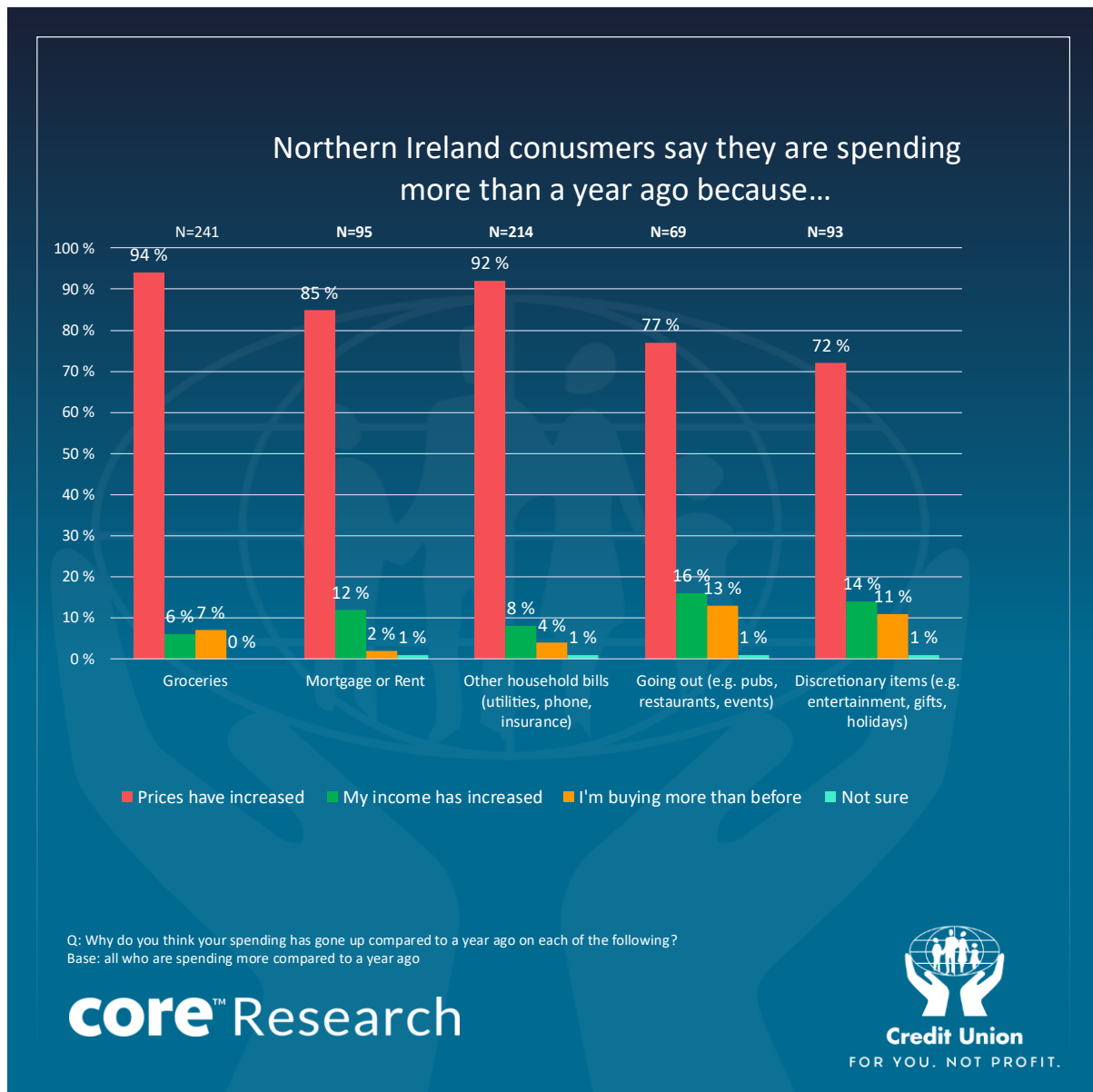
The fact that most Northern Ireland consumers are spending more on necessities and there is also evidence of reduced spending on discretionary items, in itself, hints that changed outlays are primarily driven by increased living costs.

However, because we didn't know what Northern Ireland consumers would say about changes in their spending in response to the special questions in the August 2025 sentiment survey, **we also asked consumers to indicate why they felt their spending had changed in a particular direction through the past year.**

Set out below are responses from consumers who said their spending in various areas had increased in the past year. The figures towards the top of the graphic give the number of consumers in each category who said their spending in that category had increased in the past year.

The responses shown in the diagram below clearly indicate that **higher prices are far and away the principal reason why Northern Ireland consumers feel their spending has increased in the past year across most of the major areas of household outlays.**

The emphasis on higher prices is overwhelming in relation to spending on groceries and household bills but also dominates massively in relation to going out and discretionary spend (It should be noted that consumers could give more than one response to this question. Hence the totals add to more than 100%).



In summary, responses to the special questions asked in the August tranche of the Credit Union Northern Ireland Consumer Sentiment Survey (in partnership with Core Research) suggest that **increasing and already elevated living costs prices remain a hugely important issue for many Northern Ireland consumers at present.**

Some conclusions

At first glance, the improving tone of the household finances elements of the August reading of the Credit Union Northern Ireland Consumer Sentiment Survey may seem to be at odds with the strains suggested in responses to the special question on spending through the past year. However, the overall tone of the survey while improving is still

subdued, and, as such, is entirely consistent with the experience of increased outlays on necessities in the past twelve months.

Any emerging improvement in household finances is still a work in progress and could readily be derailed by a renewed deterioration in the economic and financial circumstances of Northern Ireland consumers. The experience of the past couple of decades suggests that shocks can come in all manner of forms and from a variety of directions. A still unclear geopolitical backdrop could prompt developments that undermine recent progress in Northern Ireland household finances. So too could UK fiscal developments or turmoil in international energy markets

That said, **the most notable aspect of the August survey is the general direction of travel. The current Northern Ireland consumer sentiment reading hints that many households think that the worst may be over in terms of the economic and financial circumstances they face.** A sequence of economic and financial storms have been weathered with considerable difficulty but spending power has begun to turn positive of late for some (but not all) Northern Ireland consumers.

A still tentative turnaround in current conditions is reflected in a clear if still constrained improvement in the August Credit Union Northern Ireland Consumer Sentiment Survey, an improvement that may also translate into a somewhat healthier business climate in Northern Ireland in coming months.

The Northern Ireland Credit Union Consumer Sentiment Survey is a quarterly survey of a representative sample of 350 adults. Core Research undertake the survey administration and data collection for the survey. This tranche of the survey was live between the 6th and 24th August 2025