

# Northern Ireland consumers notably more negative and nervous as energy costs rise

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- **NI consumer sentiment fell sharply between February and May to its lowest level in three years**
- **Worries about global outlook hit consumer thinking on Northern Ireland economy and outlook for jobs**
- **Worries on household finances see largest deterioration as higher energy prices bite**
- **mood of Northern Ireland consumer darkens a little less than that of consumers in the UK or US but is gloomier than consumers in Republic of Ireland of late**
  
- **Special question asks Northern Ireland consumers how they would handle a financial emergency costing £750**
  - **Responses show capacity of consumers to cope with an unexpected bill varies widely**
  - **Almost half of Northern Ireland consumers (47%) would use their savings to cope with an unexpected bill**
  - **While 15% say they would use their current income to handle an unexpected £750 outlay, 12% of Northern Ireland consumers say they couldn't cope**
  - **Similar numbers (around 7% of consumers in each case) would use a credit card, take out a credit union or bank loan or borrow from family or friends**

## Summary

**There was a sharp but not surprising fall in Northern Ireland consumer confidence between February and May 2026.** All five components of the Credit Union Consumer Sentiment Survey for Northern Ireland were materially lower in May than three months earlier.

**The main factor weighing on the mood of Northern Ireland consumers was increased concerns around household finances centred on substantial increases in energy costs.** In turn, that prompted a pull-back in buying plans.

**Related worries about a weaker economic outlook and a knock-on impact on jobs also contributed to notably poorer consumer sentiment in Northern Ireland of late.**

**The prospect of notably more difficult economic and financial conditions for households was sufficient to cause Northern Ireland consumer sentiment to fall to its lowest level in three years in May.**

In part, this stems from the potentially dramatic costs arising from war in the Middle East. It also reflects the fact that further pressure now building on household finances comes at a time when increased living costs were already causing significant strains for many Northern Ireland consumers.

Large as the fall in Northern Ireland consumer sentiment was in recent months, it was slightly less pronounced than the drop in consumer confidence in the US, UK or the average decline recorded across the European Union between February and May.

As such, it seems that the bulk of the weakening in Northern Ireland consumer sentiment can be attributed to the war in the Middle East and, in particular, to the marked increase in global energy costs caused by that conflict.

However, the drop in consumer sentiment in the Republic of Ireland was notably less pronounced as that survey showed a significant if not total recovery in May from the sharp fall seen through March and April. That uplift likely reflects a range of offsetting support measures undertaken by the Irish Government.

## **Sharp and broadly based fall in Northern Ireland consumer sentiment reflects fear of major economic and financial fallout from war in the Middle East**

Overall, **the large deterioration in Northern Ireland consumer sentiment between February and May 2026 is broadly similar to that seen in similar confidence measures for many other countries.**

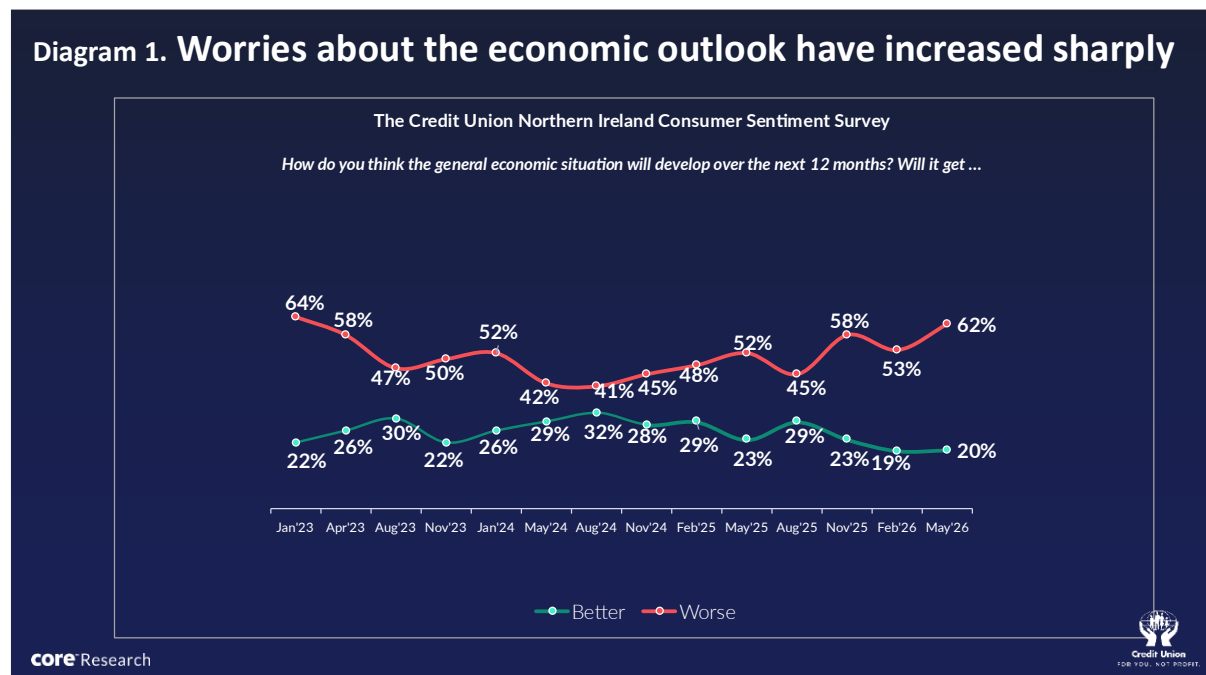
**The May reading for US consumer sentiment registered a 50-year low while the April monthly readings for the EU and Ireland both recorded their lowest readings in just over three years and UK consumer confidence hit a two and a half year low in April. Viewed in this context, the three-year low-point in Northern Ireland consumer sentiment in May 2026 is scarcely surprising.**

The May 2026 reading for Northern Ireland consumer sentiment shows a material downgrade in all elements of the survey from February. In each instance, the balance of responses to survey questions is markedly negative, suggesting consumers are very gloomy about their economic and financial circumstances at present.

## Concerns about the economic outlook have increased significantly further of late

As usual, the May 2026 Credit Union Northern Ireland Consumer Sentiment Survey (in partnership with Core Research) asked Northern Ireland consumers both ‘macro’ questions in relation to the general economic outlook and ‘micro’ questions in relation to their own household finances.

Diagram 1 below shows how results from the current and previous surveys to highlight how Northern Ireland consumers’ thinking on the twelve-month outlook for the economy has evolved through the past four years.



As the diagram above illustrates, **the balance of thinking among Northern Ireland consumers about the economic outlook has deteriorated notably of late**, driven by a substantial increase in the share of consumers who expect the general economic situation will worsen over the next twelve months.

**More than three times as many consumers think economic conditions will deteriorate as think they will improve over the coming year.** Almost two in three Northern Ireland consumers (62%) now expect poorer economic conditions. While a non-negligible one-in-five consumers (20%) still envisage an improvement, the balance

of responses at net negative 42 is the poorest since a similar number was recorded at the start of 2023.

The marked downgrade of the economic outlook reflects concerns that the war in the Middle East will have a notable and negative impact on the Northern Ireland economy. It suggests consumers fear a material loss in momentum from what has been solid if unspectacular growth of late.

In that regard, the message of the sentiment survey is consistent and likely informed by recent downward revisions to economic forecasts. HM Treasury's consensus forecast for UK economic growth in 2026 was marked down over the past three months from 1.1% to 0.8% while inflation for the final quarter of the year was revised up from 2.1% to 3.4%.

Understandably, **Northern Ireland consumers have drawn little comfort from relatively encouraging measures of activity released in early 2026.** The most recent official data point to further positive gains in activity in the final quarter of 2025, **with the Northern Ireland economy continuing to post notably stronger growth than in the rest of the UK.** Business survey indicators point to continuing growth in activity in early 2026 although that gave way to renewed softness in April.

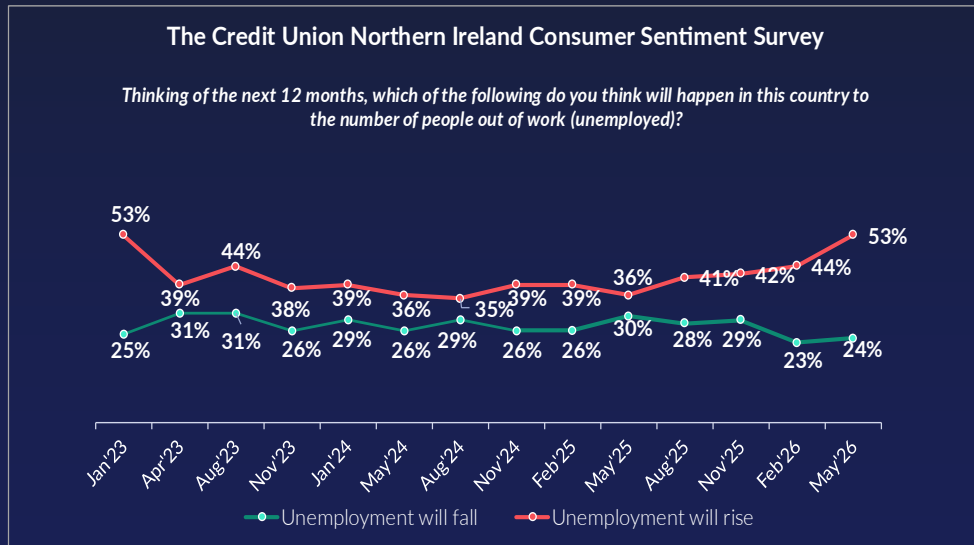
The continued improvement in activity as measured by the Northern Ireland composite economic index in late 2025 also paints a continuing picture of greater resilience in activity than envisaged previously by consumers (or economists). At the margin, the reasonably encouraging economic picture over end-year may have limited the fall in this element of the survey in May.

**Overall, the May sentiment survey reading on economic conditions suggests that Northern Ireland consumers mirror towards the widely held view that activity in the local economy, as is the case elsewhere will be adversely and materially affected by the war in the Middle East.**

**Worsening in employment outlook reflects fears about the consequences of higher energy costs.**

**The thinking of Northern Ireland consumers in relation to the outlook for jobs weakened broadly in line with the downgrade of general economic prospects in May, as diagram 2 below illustrates.**

Diagram 2. NI jobs market expected to weaken markedly in coming year



core Research



As diagram 2 above shows, **Northern Ireland consumers have become more negative on the outlook for employment than at any time since the sentiment survey began in early 2023.**

**Again, as is the case with** the change in thinking on prospects for activity, there are notably more negative views in the May survey than in recent quarters, implying a clear increase in the sense that the Northern Ireland jobs market is set to worsen in the next twelve months.

**The sharp deterioration in Northern Ireland consumer thinking on jobs largely stems from concerns about the adverse economic impact of the war in the Middle East.**

**Recent Northern Ireland jobs data have been mixed but,** while structural constraints on labour force participation remain formidable, **shorter-term indicators have, on balance, pointed towards the persistence of broadly positive job market conditions.**

The latest Employment data from the Office for National Statistics show employment in Northern Ireland was flat in the first three months of 2026 from the final three months of 2025 and marginally lower than a year earlier but this appears to be due to older workers leaving employment. The same report shows a marginal rise in employment among workers aged 16 to 64 and a solid increase of 9,000 from a year earlier, a 1.1%

rate of increase that exceeds the corresponding figure for the UK and the broadly flat reading for the Republic of Ireland.

In the same vein, HM Revenue data show that while employee numbers slipped fractionally in recent months, they were still 1% higher in April 2026 than a year earlier. Against that, however, business survey data also suggest some reduction in staffing in April while the trend in redundancies moved slightly higher of late.

**All in all, the tone of recent jobs data suggest that** notwithstanding signs of somewhat cooler conditions in the Northern Ireland jobs market of late, **the sharp deterioration in consumer thinking on the outlook for jobs is largely based on what they fear may happen rather than what they feel has been happening of late.**

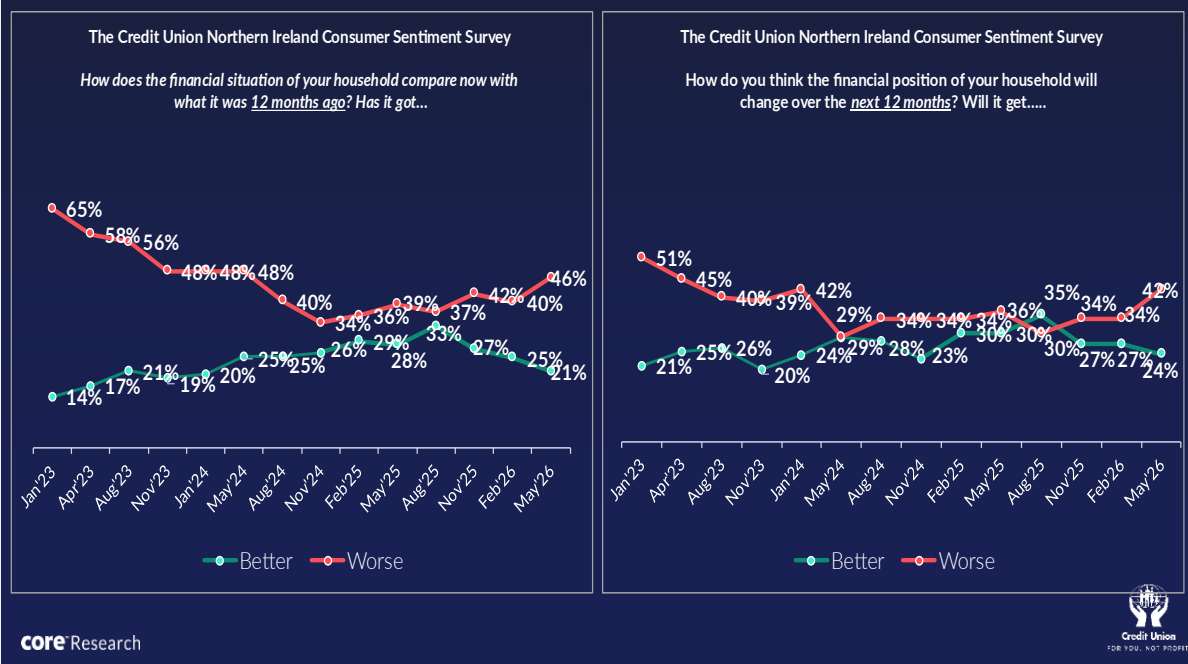
### **Northern Ireland consumers alarmed by the threat of sharply higher energy costs to their household finances**

We previously noted that the major factor impacting the everyday financial circumstances of Northern Ireland consumers in recent years has been persistent upward pressure on living costs.

**Not surprisingly, both the recent spike in fuel costs and the threat of further, larger and more broadly-based increases in consumer prices in the months ahead has prompted a large deterioration in Northern Ireland consumers' assessment of their household finances.**

As a result, as diagram 3 below indicates, consumer views on their household finances have become more negative than at any time since late 2023/early 2024.

## Northern Ireland consumers much more gloomy on their household finances in May



Again, there is little in the most recent tranche of economic indicators to warrant the scale of weakening in Northern Ireland consumer sentiment in relation to their household finances.

The latest survey period saw inflation remain largely unchanged and a softening in the pace of pay growth in Northern Ireland that largely stems from significant public sector pay increases in early 2025. The survey period did see a turnaround in the interest rate outlook with expectations for lower rates shifting dramatically to predictions of materially higher borrowing costs on foot of the war in the Middle East.

Although there is little official data to confirm it as yet, there is little doubt that developments in the run-up to the May Northern Ireland consumer sentiment survey were dominated by the surge in oil prices following the early March US attack on Iran. Importantly, expectations remain in place of continuing and substantial upward pressure on retail energy and other prices in Northern Ireland (and elsewhere) in the months to come.

While we have yet to see a marked deterioration in official 'macro' indicators, **data from the Northern Ireland Consumer Council show the retail cost of petrol in Northern Ireland increased by 21.7% between the Early February and early May sentiment survey periods, while over the same timeframe, the cost of motor diesel rose by 34.6% and the cost of home heating oil jumped by 76.4%.** The fact that these

increases were materially larger than those seen in the Republic of Ireland may have added to the sense of deepening difficulty among Northern Ireland consumers.

Significantly, **these sharp price increases come after** the very recent experience of a **pronounced spike in energy costs** that fanned substantially higher inflation **through 2022 and 2023**. The legacy of that episode in the shape of **still elevated living costs in Northern Ireland have translated into a continuing squeeze on the finances of many households**

**With energy prices now rising sharply again, it is not at all surprising that** the May sentiment survey finds **Northern Ireland consumers are now far more likely to say they are worse off than a year ago and will be even worse off in twelve months' time.**

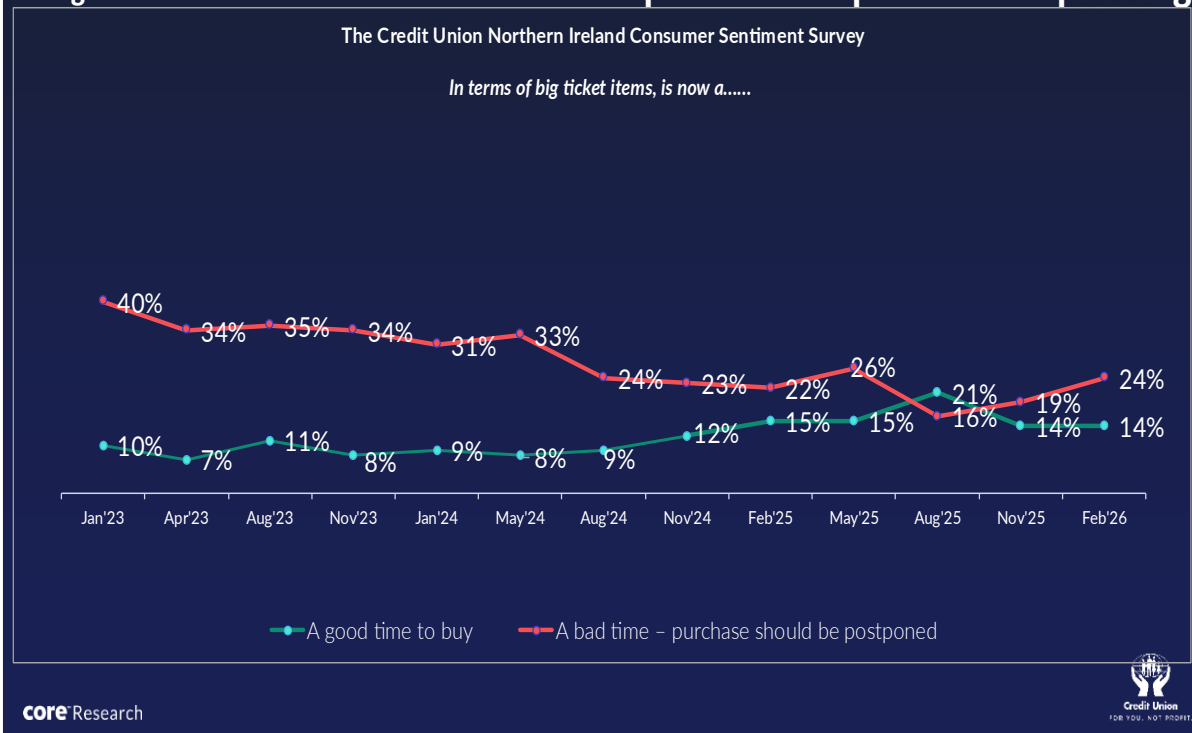
### **Northern Ireland consumers notably more cautious in their spending plans in early 2026**

**Not surprisingly, Northern Ireland consumers signalled a further pullback in spending plans in May,** as diagram 4 below illustrates. While **spending plans are now at their weakest in nearly two years,** the notable aspect of this element of the survey might be the fact that the change in spending plans between the February and May surveys is notably less pronounced than that seen in the rest of the survey.

In part, this may be because there had been a significant downgrade in spending plans in the past two surveys. So, it might be suggested that Northern Ireland consumers have already significantly adjusted spending to the demands of a more difficult economic environment. In this context, **the current level of spending plans while lower than those seen through 2025 is less negative than those seen through 2023 and most of 2024 when a painful adjustment to weaker household spending power was taking place.**

Of course, in the event of continuing upward pressure on energy costs and the threat of much higher winter heating bills, it is likely that a further and possibly larger pullback in spending plans would be seen in future surveys.

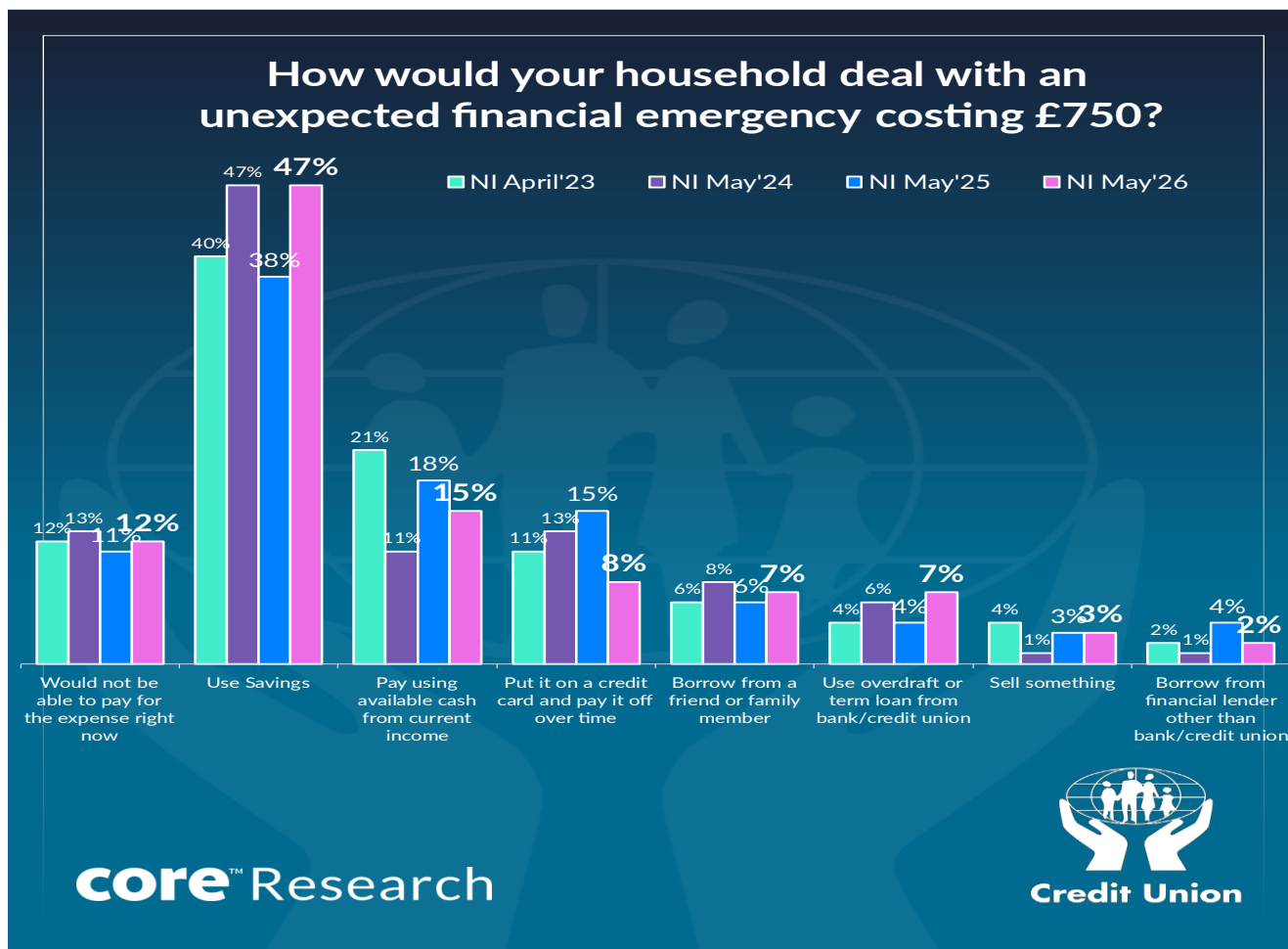
## Diagram 4 Northern Ireland consumers plan further pullback in spending



## Section II; Wide differences persist in Northern Ireland consumers capacity to cope with a financial emergency

As was the case in 2023 (April), 2024 (May) and 2025 (May), the May 2026 Credit Union Northern Ireland Consumer Sentiment Survey (in partnership with Core Research) asked Northern Ireland consumers how they would manage an unexpected financial emergency costing £750. The format draws on a similar question asked each year in the 'Report on the Economic Well-Being of U.S. households' from the US Federal Reserve.

**Responses given by Northern Irish consumers to the question 'How would your household deal with an unexpected financial emergency costing £750?' in the May 2026 sentiment survey, together with the responses given in previous years are shown in the diagram below.**



**We interpret the 2026 survey results as suggesting that roughly three in five Northern Irish consumers could handle a financial emergency reasonably comfortably**-either by drawing down savings or from current income (47% and 15% respectively).

**This share is broadly similar to that seen in previous surveys but the 2026 results suggest that some consumers have rebuilt their savings** reflecting improved incomes in the past year but, likely because of the blow to ‘discretionary’ spending power emerging now from higher energy costs, there has been a broadly offsetting drop in the share of consumers who say they would fund a financial emergency from their current income.

The use of savings in a financial emergency was most frequently cited by those indicating they faced no difficulty making ends meet at present. Accumulated savings likely play some role in explaining the relatively high incidence of those aged over 55 who gave this response.

There was also an above average tendency to draw on savings by those aged between 25 and 34. This may reflect a reliance on savings built for home purchase. Males were notably more likely to say they would fund an emergency through savings than females.

Those aged between 25 and 44 indicated they would use current income more than other age groups. Males were significantly more likely to fund a financial emergency from current income than females.

Not surprisingly, this response tended to trend higher with income. Those saying they had no difficulty making ends meet at present were nearly three times as likely to fund a financial emergency from current incomes as those with difficulty making ends meet.

### **From comfortable to can't cope**

**Roughly one in eight (12%) of Northern Irish consumers say would be unable to deal with an unexpected financial difficulty at present.** This is broadly in line with previous readings that suggests there is a core group of consumers in Northern Ireland with no room for error or mishap in their financial circumstances.

While there is a margin of error around survey results, using these results in combination with mid-year 2024 population estimates for Northern Ireland would suggest that **roughly 190,000 Northern Ireland adults say they do not have the financial capacity to deal with an unexpected outlay of £750 at present.**

**Female consumers were markedly more likely to say they would be unable to deal with an unexpected £750 bill at present while this answer was also more frequently given by those aged between 45 and 54 than other age groups.** Those saying they have difficulty making ends meet at present were six times more likely to give this response than those currently making ends meet with ease

### **Reliance on credit cards reduced**

**Some 8% of Northern Ireland consumers say they would now use a credit card to deal with an unexpected financial outlay.** This is markedly lower than the 15% of consumers who gave this response in 2025 and also distinctly less than seen in the previous two surveys.

**The notably reduced incidence of credit card usage could be associated with improved financial capacity of some households that would allow those consumers draw on savings rather than a short-term and possibly expensive credit.**

**For other consumers, it might signal reduced confidence** about their future income that would allow an unexpected £750 bill to be paid back within a short timeframe. In that regard, it should be noted that the 2026 survey also saw an increased incidence of reliance on overdraft or term loans - to 7% from 4%.

In the 2026 survey, **those aged between 45 and 54 were more likely to use a credit card in response to a financial emergency than other age groups. Those saying they have difficulties making ends meet were nearly five times as likely to say they would use a credit card** in response to an unexpected bill for £750 as those saying they are currently making ends meet with ease.

There was no clear relationship between income and recourse to credit cards, a result that may reflect variations in the extent of household income that is 'pre-committed'. Females were also more likely to say they would use a credit card than males.

Those facing difficulty making ends meet were roughly three times as likely to resort to a credit union in response to a financial emergency as those without problems in this regard. While those aged 18 to 24 and those aged 35 to 44 were more likely than other age groups to opt for this form of financing.

## **Some conclusions**

Considering the generally nervous and negative tone of the main Northern Ireland Consumer Sentiment Survey, it is not surprising that a significant number of Northern Irish consumers say they would have difficulty in handling a financial emergency at present.

**Indeed, it might be argued that the slightly surprising aspect of the responses to the special question is that roughly three in five Northern Ireland consumers might be described as comfortable in that they could handle an unexpected bill by drawing on savings or using their current income.**

**At the other end of the spectrum, roughly one in six might be categorised as 'clinging-on' in that they couldn't deal with such a difficulty or they would have to sell something or borrow from a lender other than a bank or credit union.**

In the middle are roughly one in four Northern Irish consumers who could be classified as coping in that they would put an unexpected bill on a credit card, borrow from a financial institution or from family and friends.

**These results suggest that financial capacity varies widely across Northern Ireland consumers. While the sharp rise in energy costs now underway will have broadly based impacts, it is likely to hit a significant number of consumers already struggling financially particularly hard.**

*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 1<sup>st</sup> and 7<sup>th</sup> May 2026*

