News Release

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Global Consumer Confidence Improved in Q4

The Conference Board® Global Consumer Confidence Survey shows the beginning of a modest recovery in some regions—but COVID-19 uncertainty remains a driving factor

New York, NY, January 12, 2021...Global consumer confidence increased in the fourth quarter of 2020, driven largely by an improved outlook for personal finances—which, in many regions, reflect unprecedented fiscal measures in response to COVID-19. Prospects for jobs and spending intentions saw smaller improvements in Q4, according to The Conference Board® Global Consumer Confidence Survey.

Conducted in collaboration with Nielsen, the survey found that overall global consumer confidence climbed to 98 in Q4 2020, up six points from 92 in Q2 2020. A reading below 100 is considered negative, indicating that consumers were slightly more pessimistic than optimistic globally. Fifty of 67 markets saw a rise in confidence in Q4 as economic activity resumed and vaccine development advanced quickly. (Q4 indexes exclude China due to data collection restraints.)

“While the vaccine sets the stage for a global economic recovery,” said Dana Peterson, Chief Economist of The Conference Board, “the timing of that revival and the pickup in consumer confidence—whether in 2021 or beyond—will vary markedly between advanced and emerging economies depending on the degree of access to vaccines.”

Elizabeth Crofoot, Senior Economist at The Conference Board, added: “In North America, Asia-Pacific, and the Gulf, confidence has remained at least marginally optimistic—above 100—throughout the COVID-19 pandemic, capped by strong gains in Q4. Latin America also recovered strongly from historically low confidence earlier in 2020. But Europe reveals the precariousness of pandemic recovery, with an especially intense second wave leaving consumers deeply pessimistic in Q4.”

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### GLOBAL CONSUMER CONFIDENCE INDEX, 2020 Q4: 98

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<th>Global Consumer Confidence Index</th>
<th>2020 Q4</th>
<th>2020 Q2</th>
<th>Point change</th>
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<tr>
<td>Europe</td>
<td>98</td>
<td>92</td>
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<td>Euro Area 16*</td>
<td>76</td>
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<td>Asia-Pacific</td>
<td>110</td>
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<td>Gulf Cooperation Council*</td>
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<tr>
<td>North America</td>
<td>116</td>
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</table>

* The Euro Area 16 grouping consists of Austria, Belgium, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Netherlands, Portugal, Slovakia, Slovenia, and Spain.

* The Gulf Cooperation Council grouping consists of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and UAE.

Note: This survey was not conducted in 2020 Q3. For 2020 Q4, the Global and Asia-Pacific indexes exclude China due to data collection constraints. For Global and regional results with and without China see page 19.

Source: The Conference Board® Global Consumer Confidence Survey, 2020 Q4
Additional takeaways include:

**Four critical dimensions of the COVID-19 crisis will shape global confidence in the coming months:**

- **The trajectory of the pandemic:** Consumer recovery will rest on health recovery. With second or third waves of COVID-19 infections looming in most global regions, new strains of the virus emerging, and vaccine rollout taking longer than expected in many markets, the recovery in confidence may slow substantially in the coming months.

- **The impact on jobs and household incomes:** Millions of people worldwide have lost jobs and incomes due to COVID-related business closures and restrictions. Although fiscal measures have served to bridge gaps in income, consumer confidence will continue to face headwinds from labor market weakness until the pandemic is controlled.

- **Trust in government and its policies to mitigate the effects of the virus:** Governments around the world have spent $12 trillion to minimize COVID-19’s impact. Both advanced and developing economies have enacted massive fiscal relief packages that have supported household balance sheets by keeping people employed and cancelling or deferring certain loans and tax payments. However, as fiscal taps run dry in certain markets, continued gains in consumer confidence may stall in the near term.

- **Widespread availability of COVID-19 treatments and vaccines:** As advanced economies begin vaccination campaigns, many emerging markets may struggle to secure enough doses and to distribute them effectively. Looking ahead, an uneven recovery in consumer confidence is likely to emerge depending on each markets’ access to and deployment of vaccines.

Globally, consumers continued to reduce discretionary spending:

- Spending on discretionary products and services decreased relative to 2020 Q2 in tandem with an active or looming second wave of COVID-19 infections and a ramping up of restrictions in several regions.

- Due to widespread business closures, social distancing measures, and consumer fear, the share of consumers who spent discretionary income on hospitality services (vacations, out-of-home entertainment) continued to drop in Q4 and was significantly below (more than -10 pts) the average level a year prior.

- Globally, consumers have been spending more time at home. In Q4, a smaller share of consumers reported spending on new clothes, likely due to a reduced public life, while the share spending on home improvements/decorating increased.

- In Q4, as the pandemic wore on and fiscal support began to run dry, the share of consumers with no spare cash increased, and the share able to put discretionary money into savings or to invest it in financial assets decreased.

![Consumer Discretionary Spending](image-url)
“Fiscal relief packages have helped keep consumers afloat worldwide,” said Denise Dahlhoff, Senior Researcher, Consumer Research, at The Conference Board. “However, pandemic conditions have reordered spending priorities, as housebound consumers limit expenses on vacations and out-of-home entertainment. Increasingly, they are also economizing on utilities, groceries, and other basics that support life at home.”

Confidence improved across all regions as fiscal support measures shored up personal finances and health and economic concerns eased. But regional disparities reveal the continued unpredictability of pandemic impacts worldwide:

- **Europe:** The lack of improvement in sentiment about the jobs outlook was the primary factor behind the disappointing increase in confidence.
  - The second wave caught Europeans by surprise, coming sooner and stronger than expected and fueling fears of future job losses.
  - Confidence is likely to stagnate in 2021 Q1 despite high levels of policy support for jobs and firms and the start of the vaccination campaign in most European countries.

- **Asia-Pacific (AP):** Consumer confidence in Q4 returned to pre-pandemic levels in 5 of 13 AP markets (38%), the most of any region.
  - Coupled with effective containment measures, fiscal stimulus packages in both advanced and emerging economies in the region helped maintain household finances and boosted confidence.
  - Looking ahead for the export-oriented region, potentially weakening external demand from other regions that continue to struggle to control the pandemic may be a downside risk to further gains in consumer confidence.

- **Latin America:** In Q4, Latin America recovered about three-quarters of the fall in consumer confidence that occurred in Q2—the same as North America and significantly more than other regions.
  - Greater optimism about personal finances drove the recovery. As a percentage of GDP, the fiscal policy response of key emerging markets in the region is on par with that of some advanced economies, providing much needed income support to Latin American workers and households.
  - Yet with broad vaccination unlikely to happen until late 2021 or even early 2022, a second wave of infections and heightened restrictions in the near term will weigh on confidence.

- **Africa & The Middle East (A&ME):** Consumer confidence in A&ME climbed into optimistic territory in Q4, due in part to fiscal measures that improved the job and financial outlook of consumers.
  - Consumers are the most optimistic in the Gulf Cooperation Council (GCC), where confidence will likely remain resilient in the months ahead.
  - Pessimism is much higher in Africa, where heightened restrictions in response to a second wave and challenges accessing vaccines may suppress further gains in consumer confidence in the near term.

- **North America:** Generous government relief packages have helped sustain households and businesses in both the US and Canada.
As a result, consumers in these markets are among the most upbeat globally, especially about their personal finances.

While news of the vaccine allayed health concerns and likely translated into improved consumer confidence, job losses in the final months of 2020 and heightened restrictions heading into 2021 will likely offset the full impact of the vaccine in the short term.

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