Consumer Confidence for Asia-Pacific Declines Slightly in Q2 2021, but Differences Across Regional Markets Were Pronounced

Fall in The Conference Board® Global Consumer Confidence Survey was Largely Driven by India and Taiwan, which Saw Significant Declines Due to Surges in COVID-19

Singapore, July 22, 2021... Consumer confidence for Asia-Pacific declined slightly in the second quarter of 2021, according to The Conference Board® Global Consumer Confidence Survey, largely driven by India and Taiwan, which both saw big declines across all three drivers of confidence: jobs, financial prospects and spending intentions. Both markets experienced a significant surge in COVID-19 infection rates in Q2.

The survey found that consumer confidence for Asia-Pacific declined to 115 in the second quarter of 2021, down from 118 in the first quarter. However, differences across markets in the region were quite pronounced. China had an all-time high reading (since the survey began in 2005) of 130, up 9 points from Q1, although other data suggests the level of confidence among Chinese consumers might be overstated given less optimistic reports on employment, retail sales, and household saving.

By contrast, confidence levels in India plummeted by 26 points to 112, the largest drop of any market. This was followed by Taiwan, where confidence dropped by 16 points to 85, down from 101 recorded in Q1. Other markets with notable declines in consumer confidence included Singapore (down 7 points, from 96 to 89), Malaysia (down 5 points, from 105 to 100), and the Philippines (down 4 points, from 119 to 115). Consumer sentiment about job prospects and personal finances deteriorated substantially in these five markets. Much of this can likely be attributed to COVID-19 surges: India, Taiwan, and Malaysia all experienced second-wave increases, concentrated in May, while Singapore and the Philippines had a surge in new cases peak around April.

“Although there was a decline in confidence for Asia-Pacific, this region remains one of the most optimistic worldwide,” said Dana Peterson, Chief Economist of The Conference Board. “Sizeable fiscal stimulus packages in both the advanced and emerging markets in Asia plus strong global positions in consumer goods exports buoyed economies in the region and helped maintain positive consumer sentiment regarding household finances, job prospects, and spending intentions in most markets.”
Additional takeaways include:

- **Consumers remained positive about job prospects.** Despite being 9 percentage points below Q1’s level, positive views on jobs continued to outweigh negative ones by a significant margin. This was because many of the regional markets were amidst fairly robust economic recoveries for the last two to three quarters.

- **Discretionary spending intentions continued to improve and major spending categories remained largely unchanged.** Consumers in Asia still intended to spend most on “new clothes” (45 percent) and “holidays/vacations” (37 percent). However, there was a notable drop in spending on “new technology products” (-6 ppts). This may indicate that COVID-19-induced spending on home office and entertainment kits has peaked. Spending on savings and investments also decreased across most categories and markets. This may indicate that consumers are becoming more confident about the economy and therefore more willing to spend.

- **Consumers were more concerned about health.** Compared with Q1, consumers in Asia-Pacific were more concerned about “health” (25 percent), but less so about “the economy” (15 percent) and “job security” (13 percent in Q2). Inflation concerns rose, but remained at pre-pandemic levels. Recession fears in the Asia-Pacific continued to decline, and were the lowest worldwide.

Despite Regional Challenges, Global Consumer Confidence Again Hits Record High

On the global front, consumer confidence ticked up to another record high in the second quarter of 2021 (read press release and global report), as economic activity improved, mobility restrictions were loosened, vaccines were distributed, and COVID-19 cases declined in many regions. But concerns over health, economic recovery, and job prospects remained for many consumers worldwide amid an uneven reemergence from COVID-19. Key takeaways for other regions include:

- **Confidence continued to climb from a high base in North America and the Gulf region.** North America, where confidence already stood at a strong 110 in Q1, surged further to 125 in Q2—reflecting continued fiscal and monetary support as well as ongoing vaccination campaigns and loosened mobility restrictions. Members of the Gulf Cooperation Council (GCC)—where confidence stood at 124 (+6 pts)—also benefited from fast vaccine rollouts that enabled a return of tourism.

- **Confidence returned to Europe.** Both the Euro Area 16 (+7 pts to 94) and Europe as a whole (+5 pts to 92) saw confidence climb, led by improving sentiment around financial conditions. Decreasing COVID-19 cases and accelerating vaccination rates across most of Europe contributed to the improved outlook from Q1’s low base.

- **Latin America took a step backwards.** Confidence across Latin America fell 6 pts in Q2 to 93, with only Peru recording a positive gain. Amid a strong winter surge in COVID-19 cases, heightened political and economic uncertainty in countries like Colombia and Argentina weighed on consumer sentiment in the region.

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