



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

May 2009

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 3 JUNE 2009*****

"Confidence rises in May"

CONSUMER CONFIDENCE INCREASES

- Consumer Confidence rose by two points to 53 in May.
- The Expectations Index increased by five points to 76.
- The Spending Index increased by one point to 101.
- The Present Situation Index fell from 21 in April to 17 in May.

THE FUTURE LOOKS POSITIVE...

- Over a quarter (28%) of those questioned now believe that the economic situation will be better in six months' time.
- The percentage of those believing the situation will be worse in six months' dropped back from 32% in April to 28% in May.

...BUT PESSIMISM ABOUT THE CURRENT SITUATION CONTINUES

- 77% of consumers felt that the current economic situation was bad, although this is better than last month when 80% felt this way.
- Over two thirds (68%) of those questioned believe there are not many jobs available at the moment. This figure is unchanged from the previous month.

MARTIN GAHBAUER, NATIONWIDE'S CHIEF ECONOMIST, SAID:

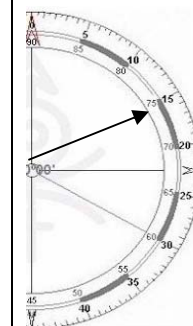
"The more modest change in overall consumer confidence this month is no surprise and, as we continue to see contrasting news about the state of the economy, it is likely that confidence will remain fragile. While some reports suggest tentative signs of a slowing in the pace of economic decline, it is important to remember that a number of sectors are continuing to contract and any recovery is likely to be sluggish. What is clear from our findings is that while consumers remain pessimistic about the present situation, they appear to be much more confident about the future than they were at the beginning of the year."

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

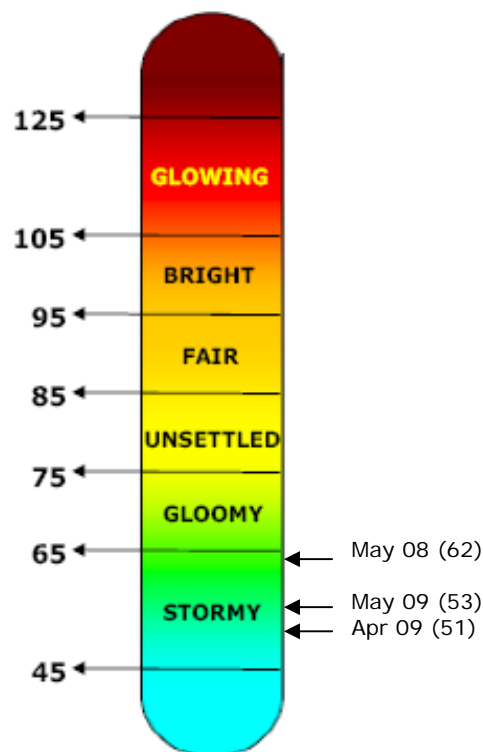
No change	95%
0.25% down	5%

MAY CONSUMER CONFIDENCE

"Consumer confidence ticked up two points in May"



NATIONWIDE CONFIDENCE BAROMETER





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Confidence continues to creep up in May

Consumer confidence rises two points in May

The Nationwide Consumer Confidence Index rose by two points in May, a more moderate change following the sharp increase in April. The Expectations and Spending indices also recorded increases during the month to 76 and 101 respectively. The Present Situation Index fell to 17 in May from 21 in April.

The changes reflect the raft of mixed news and economic data which emerged during the month as economic uncertainty remains. It is likely that confidence will continue to fluctuate as consumers react to further news reports on the health of the UK economy.

	May 2009	April 2009
Nationwide Consumer Confidence Index	53	51
- Present Situation Index	17	21
- Expectations Index	76	71
- Spending Index	101	100

Note: seasonally adjusted

Martin Gahbauer, Nationwide's chief economist, said:

“The more modest change in overall consumer confidence this month is no surprise and, as we continue to see contrasting news about the state of the economy, it is likely that confidence will remain fragile. While some reports suggest tentative signs of a slowing in the pace of economic decline, it is important to remember that a number of sectors are continuing to contract and any recovery is likely to be sluggish. What is clear from our findings is that while consumers remain pessimistic about the present situation, they appear to be much more confident about the future than they were at the beginning of the year.”

Consumers are positive about the future...

Expectations about the economic and employment situation in six months' time remained buoyant during May as consumers continue to believe that conditions will improve in the future. 28% of those questioned now think that the economic situation in six months' time will be better than it is today, the highest figure ever seen¹ in response to this question. Equally, 28% believe the economic situation will be worse than today, a four percentage point decrease on the previous month and the lowest score since September 2007 (28%). Views about the future employment situation also continued to improve. The percentage of those believing there will be more jobs available in six months' time increased to 22%, with the number of those thinking there will be few available falling back from 62% in April to 57% in May.

...but the present situation remains gloomy

Consumers remain concerned about the current situation with little change in sentiment from the previous month. Just 6% of people think the current economic situation is good, with 77% believing it to be bad, although this is a slight improvement from April when 80% felt this way. Over a third (68%) of those questioned think there are currently few jobs available and just 20% believe there to be many jobs available at the moment.

Attitudes towards spending are mixed

The percentage of those believing now is a good time to make a major purchase fell to 39% during the month from 42% in April. Despite this fall, confidence remains high in this area when compared to the previous six months and is still much higher than at this time last year (14%). Confidence in making a household purchase, such as white or brown goods, saw a one percentage point decrease from the previous month to 41%. The number of those believing now is a bad time to buy such goods increased from 15% in April to 17% in May.

Expectations about house price falls over the next six months improved further in May. Consumers now expect prices to fall by 1.6% over the next six months, compared with 2% in April.

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¹ The Nationwide Consumer Confidence Index began in May 2004



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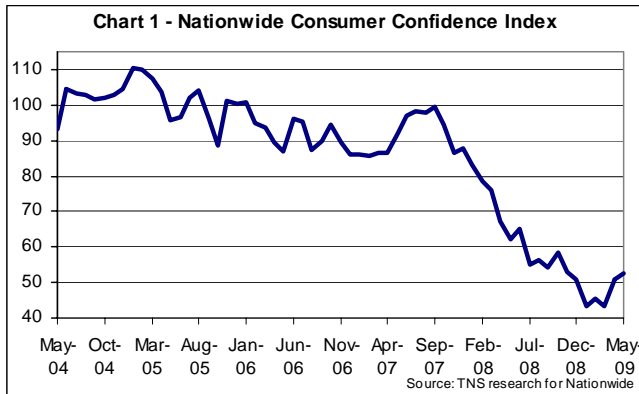
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Nationwide Consumer Confidence Index

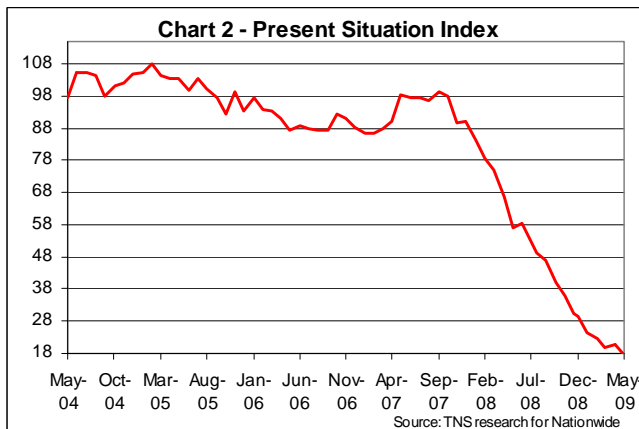
The Nationwide Consumer Confidence Index increased by two points in May from 51 to 53 (research took place from 20 April 2009 to 17 May 2009).



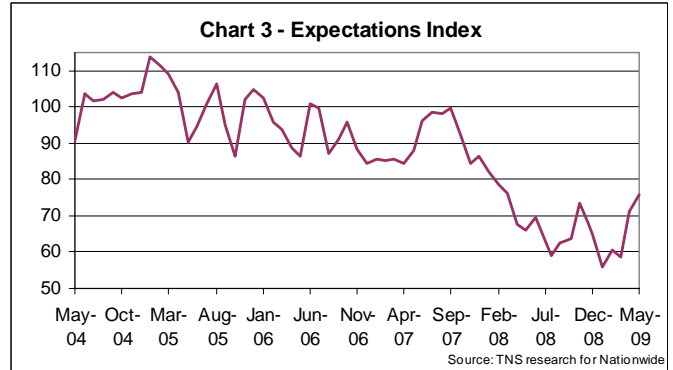
Sub-Indices

In addition to the main Consumer Confidence Index, Nationwide Building Society compiles three other indices: Present Situation Index, Expectations Index and Spending Index.

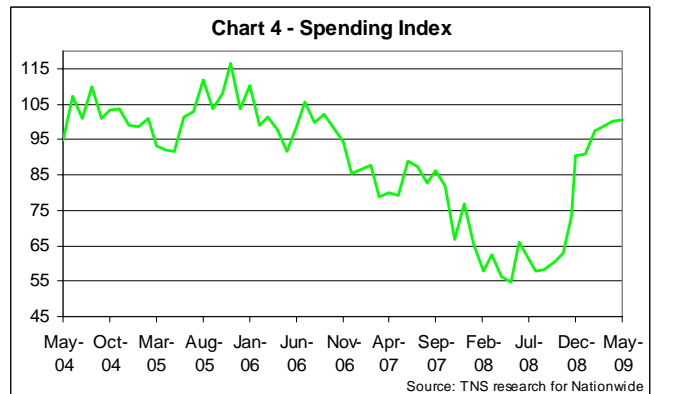
Present Situation Index (Chart 2): reflects sentiment about the current economic and employment situation. This Index decreased by four points in May to 21. The proportion of consumers that believe the current economic situation is good increased by one percentage point on the previous month to 6%. The number of consumers who believe there are now few jobs available remained unchanged from the previous month at 68%.



Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index increased by five points from 71 in April to 76 in May. 28% of people believe the economic situation will be better in six months' time, compared to 26% in April. 42% think the economy will be the same in six months' time compared to 41% in April. Over half (57%) believe there will be few jobs available in six months' time.



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index increased marginally in May to 101. The number of consumers that believe now is a good time to make a major purchase decreased from 42% in April to 39% in May. The number of consumers that believe now is a bad time to purchase household goods increased slightly to 17%.



The Nationwide Consumer Confidence Index (NCCI):

The NCCI is based on a similar approach to that used by the U.S. Conference Board which produces the highly regarded U.S. Consumer Confidence Index which has run since 1967 and is widely acknowledged as being a key economic indicator.

The Nationwide Consumer Confidence Index is compiled in partnership with TNS, the market research group that conducts the research for the US index.

*The NCCI Index was first published in May 2004.

For April, the TNS research for Nationwide took place from 20 April 2009 to 17 May 2009 with 1,001 people.

The House Price Expectations data is based on a balance of people who believe that house prices will be higher in six months' time against those who think they will be lower in six months' time.

Next monthly Nationwide Consumer Confidence Index scheduled for release at: 00.01hrs on 8 July.

For past reports and methodology see: www.nationwide.co.uk/consumer_confidence



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Nationwide Consumer Confidence Index (seasonally adjusted).
May 2004 = 93.

	2004 May	2008 May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	2009 May
Nationwide Consumer Confidence Index	93	62	65	55	56	54	58	53	51	43	45	43	51	53
Present Situation Index	97	57	58	49	47	40	36	31	30	25	22	20	21	17
Expectations Index	91	66	70	59	62	64	73	68	65	56	61	59	71	76
Spending Index	95	55	66	58	58	60	63	73	90	91	98	98	100	101

Consumer responses (non-seasonally adjusted)*

Present Situation: consumers' view of the current economic and employment situation

UK Economic Situation - Current

- Good	45%	14%	14%	11%	9%	10%	8%	9%	9%	8%	2%	5%	5%	6%
- Neither good nor bad	31%	32%	32%	26%	25%	23%	16%	15%	15%	11%	11%	12%	15%	15%
- Bad	20%	52%	52%	61%	65%	66%	75%	76%	75%	82%	86%	83%	80%	77%
- Don't know	4%	2%	1%	1%	1%	1%	1%	1%	1%	0%	1%	1%	1%	1%

UK Employment Situation - Current

- Many/Some jobs available	66%	51%	50%	41%	39%	37%	37%	30%	26%	23%	23%	21%	20%	20%
- Neither many nor few available	10%	19%	19%	25%	22%	20%	17%	15%	12%	12%	10%	11%	8%	8%
- Not many/few jobs available	20%	24%	25%	28%	31%	35%	41%	49%	57%	61%	64%	66%	68%	68%
- Don't know	5%	7%	5%	6%	8%	7%	6%	6%	5%	4%	3%	3%	3%	4%

Expectations: consumers' view of the economic and employment situation in 6 months' time

UK Economic Situation - 6 months' time

- Better than today	15%	15%	12%	11%	11%	14%	27%	22%	21%	17%	19%	19%	26%	28%
- Same	50%	33%	32%	25%	28%	30%	31%	30%	27%	29%	34%	39%	41%	42%
- Worse than today	30%	46%	53%	60%	57%	53%	38%	45%	49%	53%	43%	41%	32%	28%
- Don't know	5%	5%	3%	3%	4%	3%	4%	3%	3%	2%	3%	1%	2%	2%

UK Employment Situation - 6 months' time

- Many/Some jobs available	57%	35%	37%	28%	28%	25%	22%	21%	21%	15%	18%	19%	19%	22%
- Neither many or few available	17%	25%	26%	26%	21%	21%	18%	17%	14%	15%	16%	14%	16%	18%
- Not many/few jobs available	21%	31%	34%	42%	47%	48%	56%	59%	63%	67%	65%	65%	62%	57%
- Don't know	4%	8%	3%	4%	4%	5%	3%	3%	3%	3%	2%	1%	3%	3%

Household income - 6 months' time

- Higher	26%	21%	16%	17%	17%	16%	15%	16%	15%	14%	17%	14%	14%	14%
- Same	65%	62%	69%	65%	66%	68%	69%	65%	65%	66%	65%	67%	70%	70%
- Lower	9%	15%	14%	16%	16%	14%	14%	16%	19%	18%	17%	18%	15%	15%
- Don't know	1%	2%	1%	2%	1%	3%	2%	3%	2%	2%	1%	2%	2%	1%

Spending sentiment: consumers' view of whether this is a good time to purchase major goods, such as a house or car, or household goods

Spending confidence - Major purchase e.g. house or car

- Good time to buy	28%	14%	18%	17%	14%	18%	18%	26%	27%	33%	38%	38%	42%	39%
- Neither good nor bad	27%	19%	19%	18%	16%	16%	15%	14%	19%	15%	18%	16%	19%	20%
- Bad time to buy	45%	65%	61%	64%	68%	64%	66%	58%	51%	51%	41%	44%	38%	38%
- Don't know	1%	2%	2%	1%	2%	2%	2%	2%	3%	2%	2%	2%	2%	3%

Spending confidence - Household goods e.g. white/brown goods

- Good time to buy	58%	29%	28%	25%	28%	26%	29%	28%	41%	50%	46%	43%	42%	41%
- Neither good nor bad	33%	50%	49%	51%	46%	49%	41%	43%	33%	32%	36%	39%	40%	39%
- Bad time to buy	7%	16%	20%	21%	23%	21%	27%	26%	23%	16%	16%	16%	15%	17%
- Don't know	1%	4%	3%	3%	3%	3%	3%	3%	3%	2%	1%	2%	2%	3%



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Notes:

Indices are produced using a mix adjusted Nationwide Consumer Confidence Methodology which was introduced with effect from June 2008. Indices are seasonally adjusted using the US Bureau of the Census X12 method. Currently the calculations are based on a monthly data series starting from May 2004. Figures are recalculated each month which may result in revisions to historical data.

*All data shown as percentages in this report reflect consumer responses and are, therefore, not subject to seasonal adjustment.

Nationwide Consumer Confidence Index (non-seasonally adjusted). May 2004 = 100.

	2004 May	2008 May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	2009 May
Nationwide Consumer Confidence Index	100	69	63	53	52	53	62	53	48	41	45	45	54	59
Present Situation Index	100	60	59	50	46	43	37	32	28	24	20	19	19	20
Expectations Index	100	75	66	56	56	60	78	67	61	52	61	61	78	85
Spending Index	100	60	63	56	54	59	58	69	82	94	104	103	109	106

Note to editors:

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For May, the TNS research for Nationwide took place from 20 April 2009 to 17 May 2009 with 1,001 people. NFO, now part of TNS, has worked with The US Conference Board since the inception of its consumer confidence index in 1967.

