



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

June 2009

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 8 JULY 2009*****

"Confidence rises again in June"

CONSUMER CONFIDENCE INCREASES

- Consumer Confidence rose by four points to 58 in June.
- The Expectations Index increased by eight points to 86.
- The Spending Index increased by one point to 104.
- The Present Situation Index fell from 18 in May to 17 in June.

EXPECTATIONS FOR FUTURE ARE RISING...

- A third of people now believe that the economic situation will be better than today in six months time, with less than a quarter (23%) thinking it will be worse.
- However, more people (42%) expect the economy to be the same in six months, than anticipate a change for the better or worse.

...BUT CAUTIOUS ABOUT THE PRESENT

- 76% of people believe the current state of the UK economy to be bad. This figure was 10 per cent higher (86%) in February 2009 and since then there has been a gradual decrease in those who think that the current economy is bad.
- The view of the employment situation shows that consumers are pessimistic with 68% saying there are currently not many jobs available.

MARTIN GAHBAUER, NATIONWIDE'S CHIEF ECONOMIST, SAID:

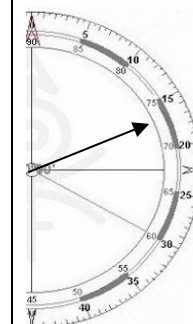
"During June, consumers' confidence continued to gradually increase - a trend which has been seen for the last three months. Recently, there has been much talk by industry commentators suggesting that the worst of the recession may be over, which appears to have fed into consumer sentiment. For the first time since the launch of the Consumer Confidence Index in May 2004, more people expect the economic situation in six months time to be better than believe it will be worse. However, the strongest belief by consumers is that the economy will be the same in six months time. This expectation of a plateau in economic conditions has grown steadily over the last year."

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

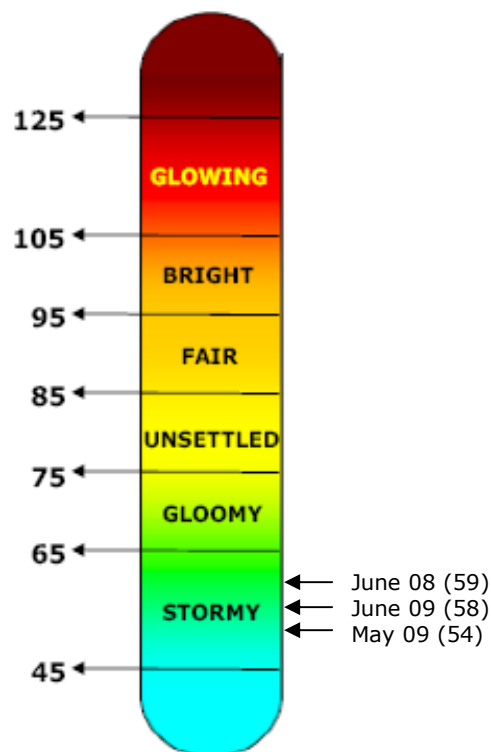
No change	95%
0.25% up	5%

JUNE CONSUMER CONFIDENCE

"Consumer confidence nudged up four points in June"



NATIONWIDE CONFIDENCE BAROMETER





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Consumers' expectations more positive

Consumer confidence rises four points in June

Nationwide Consumer Confidence Index recorded an increase in June, moving up to 58 from 54 in May. This increase reflects that overall, consumers feel increasingly positive, as confidence levels are now very close to those recorded this time last year (59 in June 2008).

	June 2009	May 2009
Nationwide Consumer Confidence Index	58	54
- Present Situation Index	17	18
- Expectations Index	86	78
- Spending Index	104	103

Note: seasonally adjusted

The key driver for the increase in confidence has been in the Expectations Index. In particular, consumers are more confident the economy will be better than today in six months time.

In fact, this is the first time since the Index began in May 2004 that more people have said they expect the economy to be better in six months than think it will be worse.

However the Present Situation Index continued to fall, as positive sentiment towards the current economy and employment market fell again.

Martin Gahbauer, Nationwide's chief economist, said:

"During June, consumers' confidence continued to gradually increase - a trend which has been seen for the last three months. Recently, there has been much talk by industry commentators suggesting that the worst of the recession may be over, which appears to have fed into consumer sentiment. For the first time since the launch of the Consumer Confidence Index, more people expect the economic situation in six months time to be better than believe it will be worse. However, the strongest belief by consumers is that the economy will be the same in six months time. This expectation of a plateau in economic conditions has grown steadily over the last year."

Consumers are still concerned about the employment situation...

Despite the overall rise in confidence, consumers show continued wariness about the employment situation as more companies make job losses or cut workers' hours, and the official UK unemployment figure reached a 12-year high. In June last year, 50% of people thought there were jobs available, while now this has dropped to just 19%. There is similar pessimism about the employment situation in the next six months. 54% of people are now expecting that there will be few jobs available by the end of the year, however as this is the lowest figure since September 2008, sentiment is becoming less negative.

...but less nervous about spending money

Over the last year there has been a distinct trend showing that consumers feel increasingly confident that now is a good time to buy large items, such as homes or cars. This time last year, 18% of people thought it was a good time to buy these major items, however this has risen to 40% and has been around this level for the last five months. This strength in sentiment may have been fuelled by falling house prices which have made property appear more affordable and also the decrease in car prices, especially in the second-hand market. Confidence in making a household purchase, such as white or brown goods, saw a 1% increase from the previous month to 42%. The number of those believing now is a bad time to buy such goods fell from 17% in May to 13% in June.

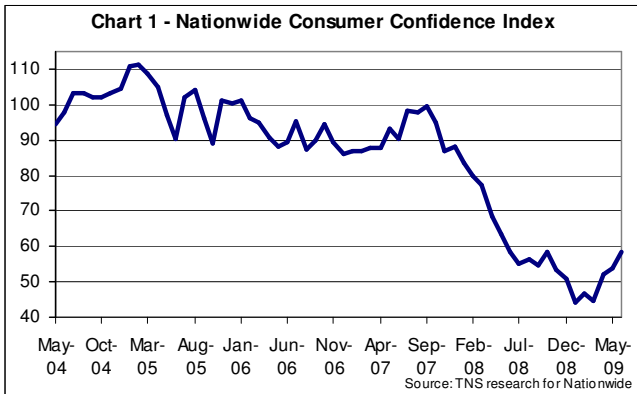
Expectations about house price falls over the next six months improved further in June. Consumers now expect prices to fall by just 0.6% over the next six months, compared with 1.6% in May.



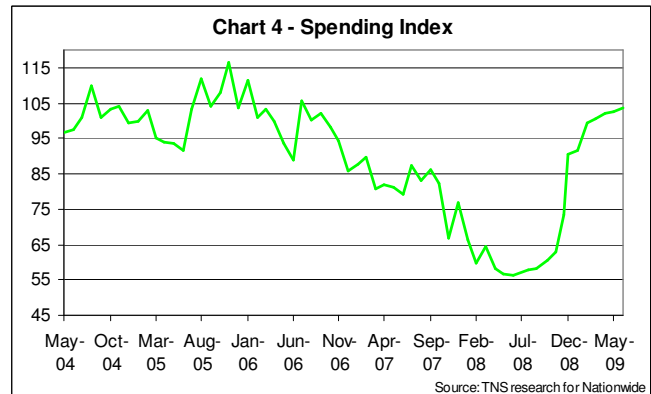
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Nationwide Consumer Confidence Index

The Nationwide Consumer Confidence Index increased by four points in June from 54 to 58 (research took place from 18 May 2009 to 21 June 2009).



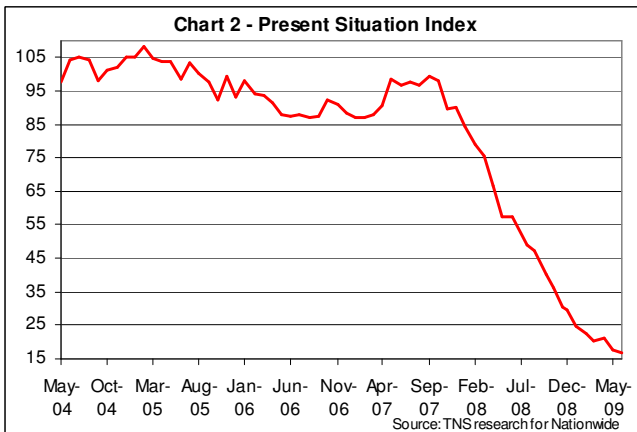
Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index increased marginally in June to 104. The number of consumers that believe now is a good time to make a major purchase increased by one per cent from May to 40%. The number of consumers who believe now is a bad time to purchase household goods dropped to 13% from 17% in May.



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 one point in June to 17. The proportion of consumers that believe the current economic situation is good decreased by two percentage points on the previous month to 4%. The number of consumers who believe there are now few jobs available remained unchanged for the third month at 68%.



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 June, the TNS research for Nationwide took place from 18 May 2009 to 21 June 2009 with 1,000 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 5 August.

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

Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index increased by eight points from 78 in May to 86 in June. 33% of people believe the economic situation will be better in six months' time, compared to 28% in May. 42% think the economy will be the same in six months' time, a figure which remains unchanged from May. Over half (54%) believe there will be few jobs available in six months' time.



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Nationwide Consumer Confidence Index (seasonally adjusted). May 2004 = 99.

	2004 May	2008 June	July	Aug	Sept	Oct	Nov	Dec	2009 Jan	Feb	Mar	Apr	May	June
Nationwide Consumer Confidence Index	94	59	55	56	55	59	53	51	44	47	44	52	54	58
Present Situation Index	98	57	49	47	40	36	31	29	25	23	20	21	18	17
Expectations Index	92	60	59	63	64	74	68	65	57	63	60	73	78	86
Spending Index	97	56	58	58	61	63	73	91	92	100	100	102	103	104

Consumer responses (non-seasonally adjusted)*

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

UK Economic Situation - Current

- Good	45%	14%	11%	9%	10%	8%	9%	9%	8%	2%	5%	5%	6%	4%
- Neither good nor bad	31%	32%	26%	25%	23%	16%	15%	15%	11%	11%	12%	15%	15%	18%
- Bad	20%	52%	61%	65%	66%	75%	76%	75%	82%	86%	83%	80%	77%	76%
- Don't know	4%	1%	1%	1%	1%	1%	1%	1%	0%	1%	1%	1%	1%	1%

UK Employment Situation - Current

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

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

UK Economic Situation - 6 months' time

- Better than today	15%	12%	11%	11%	14%	27%	22%	21%	17%	19%	19%	26%	28%	33%
- Same	50%	32%	25%	28%	30%	31%	30%	27%	29%	34%	39%	41%	42%	42%
- Worse than today	30%	53%	60%	57%	53%	38%	45%	49%	53%	43%	41%	32%	28%	23%
- Don't know	5%	3%	3%	4%	3%	4%	3%	3%	2%	3%	1%	2%	2%	3%

UK Employment Situation - 6 months' time

- Many/Some jobs available	57%	37%	28%	28%	25%	22%	21%	21%	15%	18%	19%	19%	22%	22%
- Neither many or few available	17%	26%	26%	21%	21%	18%	17%	14%	15%	16%	14%	16%	18%	21%
- Not many/few jobs available	21%	34%	42%	47%	48%	56%	59%	63%	67%	65%	65%	62%	57%	54%
- Don't know	4%	3%	4%	4%	5%	3%	3%	3%	3%	2%	1%	3%	3%	2%

Household income - 6 months' time

- Higher	26%	16%	17%	17%	16%	15%	16%	15%	14%	17%	14%	14%	14%	13%
- Same	65%	69%	65%	66%	68%	69%	65%	65%	66%	65%	67%	70%	70%	71%
- Lower	9%	14%	16%	16%	14%	14%	16%	19%	18%	17%	18%	15%	15%	15%
- Don't know	1%	1%	2%	1%	3%	2%	3%	2%	2%	1%	2%	2%	1%	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%	18%	17%	14%	18%	18%	26%	27%	33%	38%	38%	42%	39%	40%
- Neither good nor bad	27%	19%	18%	16%	16%	15%	14%	19%	15%	18%	16%	19%	20%	21%
- Bad time to buy	45%	61%	64%	68%	64%	66%	58%	51%	51%	41%	44%	38%	38%	38%
- Don't know	1%	2%	1%	2%	2%	2%	2%	3%	2%	2%	2%	2%	3%	2%

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

- Good time to buy	58%	28%	25%	28%	26%	29%	28%	41%	50%	46%	43%	42%	41%	42%
- Neither good nor bad	33%	49%	51%	46%	49%	41%	43%	33%	32%	36%	39%	40%	39%	43%
- Bad time to buy	7%	20%	21%	23%	21%	27%	26%	23%	16%	16%	16%	15%	17%	13%
- Don't know	1%	3%	3%	3%	3%	3%	3%	3%	2%	1%	2%	2%	3%	2%



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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). June 2004 = 100.

	2004 May	2008 June	July	Aug	Sept	Oct	Nov	Dec	2009 Jan	Feb	Mar	Apr	May	June
Nationwide Consumer Confidence Index	100	63	53	52	53	62	53	48	41	45	45	54	59	63
Present Situation Index	100	59	50	46	43	37	32	28	24	20	19	19	20	18
Expectations Index	100	66	56	56	60	78	67	61	52	61	61	78	85	93
Spending Index	100	63	56	54	59	58	69	82	94	104	103	109	106	110

Note to editors:

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For June, the TNS research for Nationwide took place from 18 May 2009 to 21 June 2009 with 1,000 people. NFO, now part of TNS, has worked with the US Conference Board since the inception of its consumer confidence index in 1967.

