

Nationwide SAVINGS INDEX*



A comprehensive monthly insight into the behaviours of individual savers across the UK.

www.nationwide.co.uk/savingsindex

19 August 2009

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Future Savings Index hits all time high

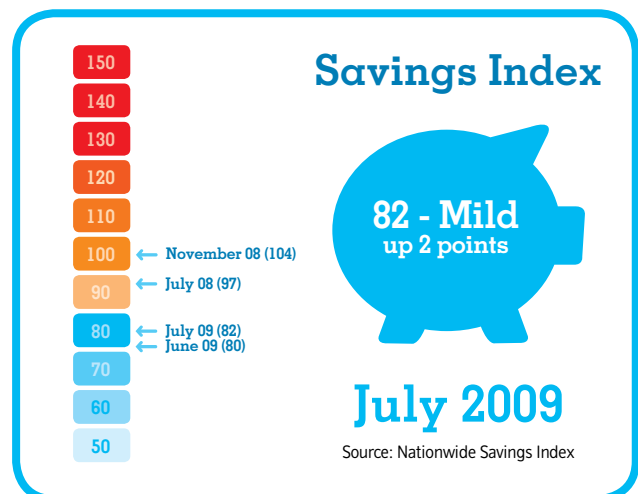
But confidence yet to carry through to action

Consumers appear to be more confident about their ability to save in the future than at any time since the Nationwide Savings Index began reporting in June 2008.

July 2009	
Savings Index	82 (+2)
Importance of Savings Index	98 (+13)
Savings Environment Index	71 (+6)
Future Savings Index	106 (+5)

- The **Savings Index** increased two points to 82.
- The **Future Savings Index** increased five points to 106 – an all-time high*.
 - The gap between those who believe they will be saving more (18%) and less (21%) in six months' time than they do now reached its narrowest point since the Index began*.
 - The proportion of those who believe they will save about the same as they do now in six months' time remains steady at 58%, representing the second highest figure since the Index began*.
- The **Importance of Savings Index** increased 13 points to 98 – the greatest monthly increase since the Index began.
 - More people (60%, an increase of 3% from June) believe saving in general is important.
 - More people (59%, an increase of 1% from June) believe it is important for them to personally save.

- The **Savings Environment Index** increased six points to 71.
 - More people (20%, an increase of 2% from June) believe now is a good time to save given the current economic situation.
 - Fewer people (50%, a decrease of 4% from June) believe that now is a bad time to save given the current economic situation.
 - Nearly half (46%, a decrease of 7%) of consumers believe Government policy discourages people from saving. The last time this figure was lower was in November 2008, when 41% of consumers believed Government policy discouraged people from saving.



Nationwide SAVINGS INDEX



Andy Hutchinson, head of savings at Nationwide, says:

“The Nationwide Savings Index and its three sub indices – Importance of Savings, Savings Environment and Future Savings – all rose in July 2009. This is very encouraging and could be the strongest evidence yet that confidence in the savings market is beginning to return, even though this is not yet carrying through to action.

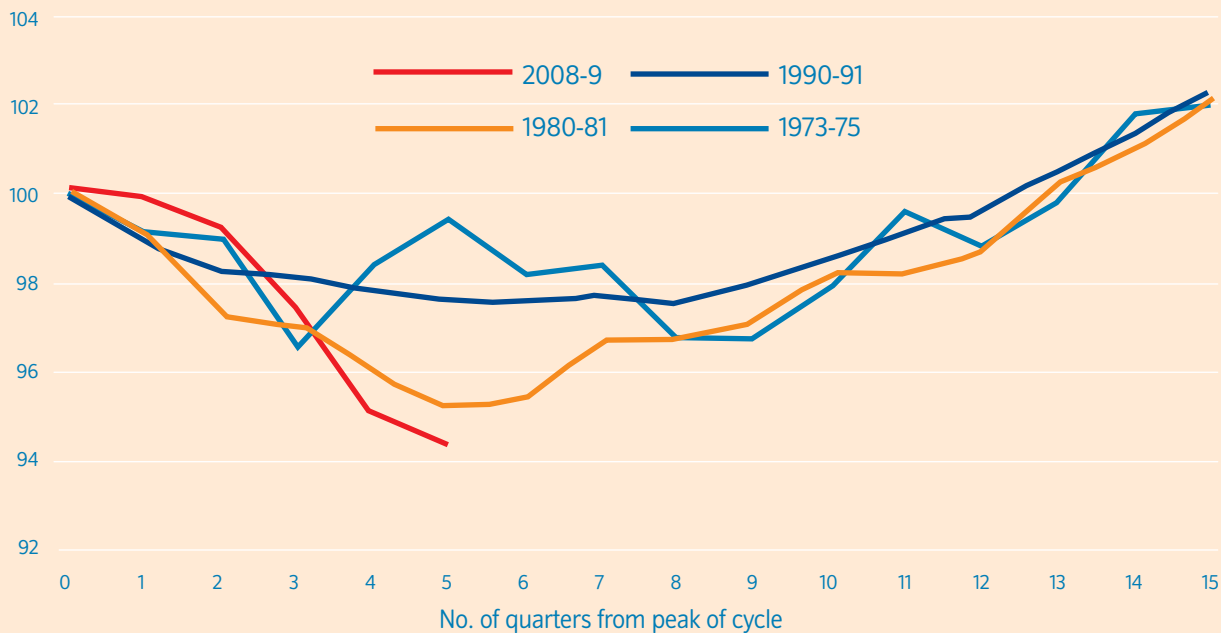
“Improving attitudes towards the importance of saving pushed the Importance of Savings Index up by 13 points from the previous month – an unprecedented rise. In addition, the Savings Environment Index rose by six points, driven by more people who believe now is a good time to save and fewer people who believe that Government policy discourages consumers from saving.

“Looking at the Future Savings Index, this is now at its highest level since the Index began in June 2008. While this is certainly encouraging, the number of people who believe they will save less in six months’ time still outnumbers those who believe they can

save more. Nonetheless, what has driven the Future Savings Index up is the fact that this difference between those who believe they will save more and those who believe they will save less in the future is now smaller than ever, which shows that confidence about saving in the future is creeping up.

“The increase in the Savings Index and, in particular, the Future Savings Index to an all-time record high is an encouraging development. The release of the second quarter GDP figures confirmed that the UK is undergoing the deepest recession since the Second World War, underlining the importance of saving for a rainy day. The experience of recession appears to be generating a shift in attitude toward savings, reflected in the largest increase on record in the Importance of Savings Index. It has taken some time for this shift in attitudes to take place, perhaps because of the very large cut in interest rates over the last year.”

Recession comparison (Peak of GDP cycle = 100)



Source: ONS

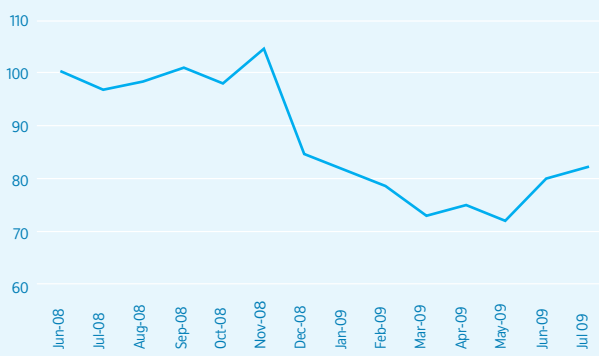
Nationwide SAVINGS INDEX



Savings Index – last three quarters compared to the latest data

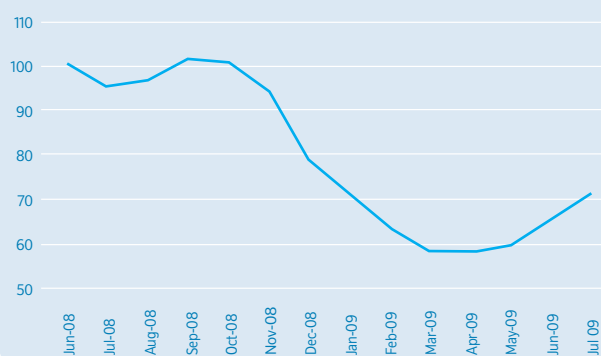
Index name	Index measures	Dec 2008	March 2009	June 2009	July 2009
The Savings Index (main index) Graph A	<ul style="list-style-type: none"> • Saving frequency • Saving levels • Right time to save • Government policy 	84	73	80	82
Importance of Savings Index (sub-index) Graph B	<ul style="list-style-type: none"> • Importance of Saving generally and personally 	94	76	85	98
Savings Environment Index (sub-index) Graph C	<ul style="list-style-type: none"> • Time to save • Government policy 	78	58	65	71
Future Savings Index (sub-index) Graph D	<ul style="list-style-type: none"> • Future saving levels 	96	104	101	106

Graph A. Nationwide Savings Index



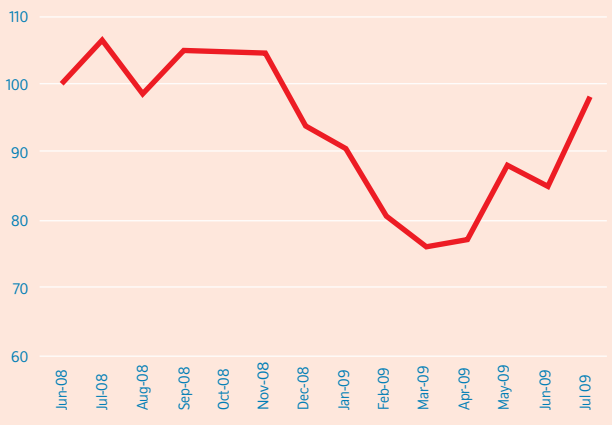
Source: TNS research for Nationwide

Graph C. Savings Environment Index



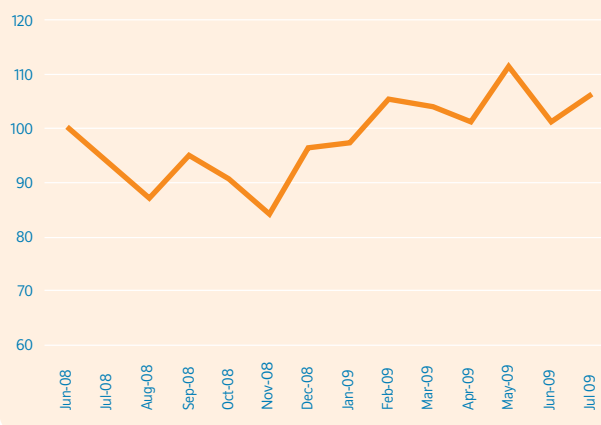
Source: TNS research for Nationwide

Graph B. Importance of Saving Index



Source: TNS research for Nationwide

Graph D. Future Savings Index



Source: TNS research for Nationwide

Nationwide SAVINGS INDEX



	Base	Savings Index	Importance of Savings Index	Savings Environment Index	Future Savings Index
Jun-08	1000	100	100	100	100
Jul-08	1000	97	106	95	94
Aug-08	1154	98	99	97	87
Sep-08	1000	101	105	101	95
Oct-08	1000	98	104	100	91
Nov-08	1000	104	105	94	84
Dec-08	1000	84	94	78	96
Jan-09	1000	81	90	71	97
Feb-09	1000	79	80	63	105
Mar-09	1000	73	76	58	104
Apr-09	1000	75	77	58	101
May-09	1001	72	88	59	111
Jun-09	1000	80	85	65	101
Jul-09	1000	82	98	71	106

Note to editors:

Nationwide's Savings Index is based on a monthly survey representative of the UK population. For July, the TNS research for Nationwide took place from 22 June to 19 July 2009 with 1000 people.

*The Nationwide Savings Index began on 19 May 2008.

**The Savings Index is made up of one main index and three sub-indices. These are:

- **The Savings Index (principal index)**
Made up of consumer opinion about the frequency of saving, current feelings about their current levels of saving, whether it's a good time to save given the external environment and thoughts on government policy.
- **The Importance of Savings Index (sub index)**
Made up of consumer opinion about the importance of saving both generally and personally.
- **The Savings Environment Index (sub index)**
Made up of consumer opinion about whether it is a good time to save given the economic environment and whether government policy encourages people to save.
- **The Future Savings Index (sub index)**
Made up of consumer opinion about whether they think they'll be saving more, less or about the same in six months time, than they do now.