



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

November 2008

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 3 DECEMBER 2008*****

"Confidence drops further"

CONSUMER CONFIDENCE FALLS

- Confidence levels dropped by 6 points in the month, bringing the index to 50, down from 56 in October.
- The only index to rise this month was the Spending Index, which increased to 64 in November.
- The Expectations Index fell to 63 and the Present Situation Index fell to 30 in November.

INCREASE IN SPENDING ON MAJOR PURCHASES

- The number of consumers who think now is a good time to make a major purchase increased from 18% in October to 26% in November.

CONSUMERS GLOOMY ABOUT THE CURRENT AND FUTURE ECONOMY

- Over three quarters (76%) believe the current economic situation is bad.
- Nearly half (45%) believe the economic situation will be worse in six months time, an increase of 7% from 38% in October.

CONSUMERS PESSIMISTIC ABOUT THE LABOUR MARKET

- Nearly half (49%) of those questioned believe there are currently not many jobs available.
- Sentiment doesn't improve when looking at future employment with over half (59%) believing there will be few jobs available in six months time.

FIONNUALA EARLEY, NATIONWIDE'S CHIEF ECONOMIST, SAID:

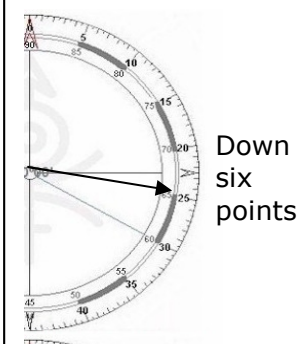
"Consumer confidence dropped again this month against the backdrop of an emerging recession in the UK and continued global economic uncertainty. Reports of job cuts have almost certainly impacted on sentiment about the present and future employment situation causing purse strings to tighten further, even as the festive season gets underway. It remains to be seen whether the Chancellor's recent announcement will greatly improve consumer confidence."

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

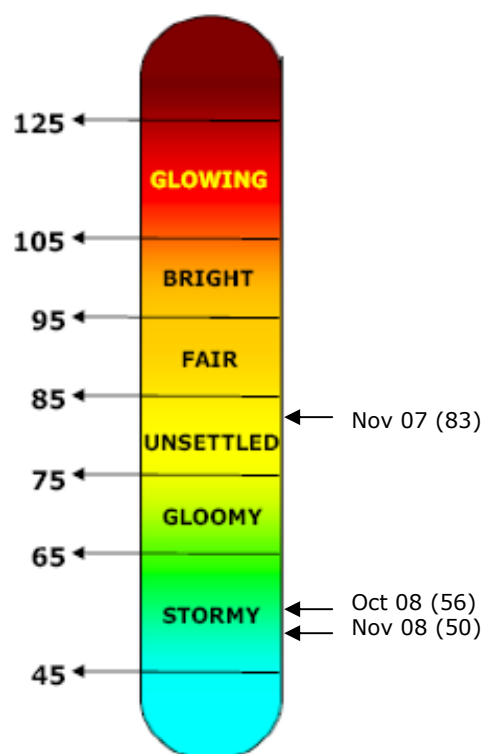
0.50% down	15%
0.75% down	15%
1.00% down	60%
>1.00% down	10%

NOVEMBER CONSUMER CONFIDENCE

"Consumer confidence ticked down six points in November"



NATIONWIDE CONFIDENCE BAROMETER





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Little Christmas cheer for UK consumer confidence

Consumer confidence dropped further in November

The Nationwide Consumer Confidence Index fell again this month, despite falling fuel and food costs and a substantial reduction in the Bank of England base rate. Reports that the UK is now in a recession, increased unemployment and continued financial market instability have almost certainly had a significant impact on consumer confidence in November.

The only index to see a rise this month was the Spending Index, which increased from 56 in October to 64 in November. This is, however, more likely to reflect consumers' observations of lower prices rather than their intention to buy. Confidence in the current economic and labour markets fell to 30 during the month, while the Expectations Index fell to 63 in November, perhaps driven by the realisation that a rapid turnaround in the economy and labour market is unlikely.

	November 2008	October 2008
Nationwide Consumer Confidence Index	50	56
- Present Situation Index	30	35
- Expectations Index	63	70
- Spending Index	64	56

Note: Seasonally adjusted

Fionnuala Earley, Nationwide's chief economist, said:

"Consumer confidence dropped again this month against the backdrop of an emerging recession in the UK and continued global economic uncertainty. Reports of job cuts have almost certainly impacted on sentiment about the present and future employment situation, causing purse strings to tighten further, even as the festive season gets underway. It remains to be seen whether the Chancellor's recent announcement will greatly improve consumer confidence."

Consumers are more confident about spending...

Spending confidence improved during the month, probably driven by heavy discounting on the high street as shoppers start to prepare for Christmas. Just over a quarter (26%) believe now is a good time to make a major purchase, an 8% increase from last month. 58% of consumers believe now is a bad time to make a major purchase, compared to 66% in October. However, there is a difference between recognising that it's a better time to buy and the ability or desire to spend.

...but remain despondent about the economy

Consumers remain concerned about the economy as they come to terms with the current financial turmoil. More than three quarters (76%) believe the current economic situation is bad, compared to 75% in October while 9% believe that the current economic situation is good, compared to 8% in October.

Sentiment towards the future economic situation is likely to have been impacted by consumers' realisation that it may be some time before we see a turnaround in the economy. Nearly half (45%) believe that the economic situation will be worse in six months time, compared to 38% in October. Under a quarter (22%) of consumers believe the economy will be better in six months time, compared to 27% last month.

Consumers increasingly gloomy about employment

Nearly half (49%) of consumers think there are few jobs available now, up from 41% last month. Looking forward, over half (59%) think there will be few jobs available in six months, up from 56% in October. However, although consumers believe few jobs are available, the majority think they will be unaffected, with nearly two thirds (65%) believing their household income will remain the same in six months time.

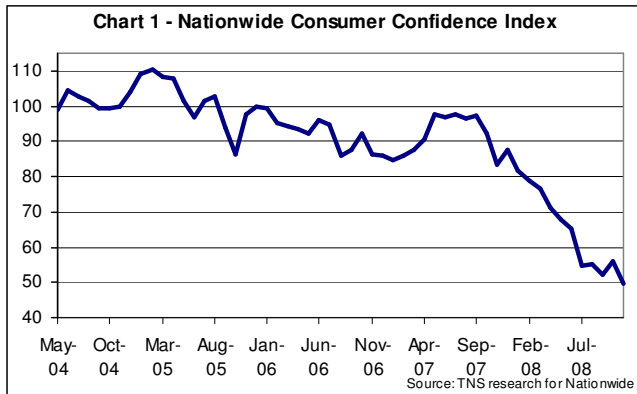
Expectations about house prices over the next six months showed a slight improvement in November. Consumers now expect prices to fall by 5.4% over the next six months, compared with 5.6% in October.



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Nationwide Consumer Confidence Index

The Nationwide Consumer Confidence Index fell by six points in November from 56 to 50 (research took place from 20 October to 16 November 2008).

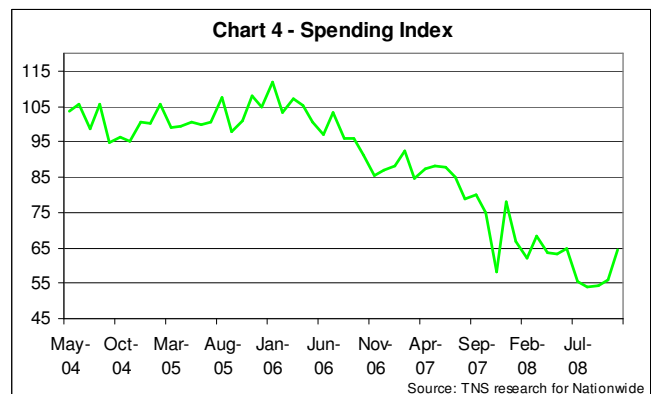
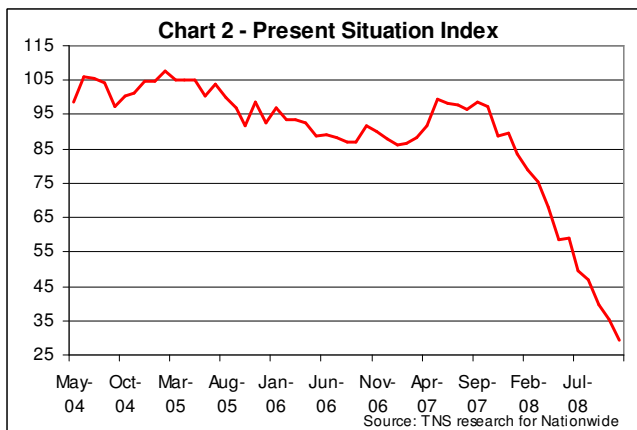


Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index rose from 56 in October to 64 in November. The number of consumers that believe now is a good time to buy a major purchase increased from 18% in October to 26% in November. The number of consumers that believe it is a good time to buy household goods fell marginally from 29% in October to 28% in November. Over a quarter of consumers (26%) think now is a bad time to buy household goods. However 43% are indifferent, believing that now is neither a good nor a bad time to buy household goods.

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 dropped five points in November to 30. 76% of consumers believe that the current economic situation is bad compared to 75% last month, although 9% of consumers think that the current economic situation is good compared to 8% last month. The number of consumers who believe there are now few jobs available rose from 41% in October to 49% in November.



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 November, the TNS research for Nationwide took place from 20 October to 16 November 2008 with 1,000 people.

Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index dropped from 70 in October to 63 in November. 45% of consumers believe that the economy will be worse in six months time compared to 38% in October. People are less confident about the future employment situation with 59% believing there will be few jobs available in six months time compared to 56% in October.

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 7 January.

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



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Nationwide Consumer Confidence Index (seasonally adjusted).

May 2004 = 99.

	2004 May	2007 Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	2008 Nov
Nationwide Consumer Confidence Index	99	83	88	82	79	77	71	68	65	55	55	52	56	50
Present Situation Index	99	89	89	84	79	75	68	58	59	50	47	40	35	30
Expectations Index	99	80	86	80	79	78	73	74	69	58	61	61	70	63
Spending Index	104	58	78	67	62	68	64	63	65	56	54	54	56	64

Consumer responses (non-seasonally adjusted)*

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

UK Economic Situation - Current

- Good	45%	34%	33%	31%	25%	25%	17%	14%	14%	11%	9%	10%	8%	9%
- Normal	31%	42%	40%	41%	39%	41%	42%	32%	32%	26%	25%	23%	16%	15%
- Bad	20%	21%	24%	25%	34%	32%	39%	52%	52%	61%	65%	66%	75%	76%
- Don't know	4%	3%	2%	3%	2%	3%	2%	2%	1%	1%	1%	1%	1%	1%

UK Employment Situation - Current

- Many/Some jobs available	66%	55%	54%	52%	53%	49%	47%	51%	50%	41%	39%	37%	37%	30%
- Neither many nor few available	10%	16%	17%	18%	18%	21%	23%	19%	19%	25%	22%	20%	17%	15%
- Not many/few jobs available	20%	23%	21%	24%	23%	24%	25%	24%	25%	28%	31%	35%	41%	49%
- Don't know	5%	7%	8%	5%	6%	6%	6%	7%	5%	6%	8%	7%	6%	6%

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

UK Economic Situation - 6 months' time

- Better than today	15%	11%	12%	12%	13%	14%	12%	15%	12%	11%	11%	14%	27%	22%
- Same	50%	47%	41%	39%	36%	40%	37%	33%	32%	25%	28%	30%	31%	30%
- Worse than today	30%	36%	42%	44%	46%	43%	45%	46%	53%	60%	57%	53%	38%	45%
- Don't know	5%	6%	5%	5%	5%	4%	5%	5%	3%	3%	4%	3%	4%	3%

UK Employment Situation - 6 months' time

- Many/Some jobs available	57%	42%	44%	36%	39%	38%	32%	35%	37%	28%	28%	25%	22%	21%
- Neither many or few available	17%	25%	26%	26%	25%	25%	32%	25%	26%	26%	21%	21%	18%	17%
- Not many/few jobs available	21%	27%	24%	32%	31%	31%	30%	31%	34%	42%	47%	48%	56%	59%
- Don't know	4%	6%	6%	6%	6%	6%	5%	8%	3%	4%	4%	5%	3%	3%

Household income - 6 months' time

- Higher	26%	26%	28%	27%	24%	25%	24%	21%	16%	17%	17%	16%	15%	16%
- Same	65%	63%	60%	61%	63%	61%	62%	62%	69%	65%	66%	68%	69%	65%
- Lower	9%	9%	11%	10%	11%	12%	13%	15%	14%	16%	16%	14%	14%	16%
- Don't know	1%	2%	1%	1%	1%	3%	1%	2%	1%	2%	1%	3%	2%	3%

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%	10%	16%	13%	11%	14%	15%	14%	18%	17%	14%	18%	18%	26%
- Neither good nor bad	27%	28%	24%	27%	31%	27%	23%	19%	19%	18%	16%	16%	15%	14%
- Bad time to buy	45%	57%	58%	58%	55%	56%	60%	65%	61%	64%	68%	64%	66%	58%
- Don't know	1%	4%	2%	2%	3%	3%	2%	2%	2%	1%	2%	2%	2%	2%

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

- Good time to buy	58%	35%	35%	44%	36%	33%	27%	29%	28%	25%	28%	26%	29%	28%
- Neither good nor bad	33%	49%	48%	40%	49%	52%	56%	50%	49%	51%	46%	49%	41%	43%
- Bad time to buy	7%	11%	14%	11%	12%	11%	12%	16%	20%	21%	23%	21%	27%	26%
- Don't know	1%	5%	3%	4%	3%	3%	5%	4%	3%	3%	3%	3%	3%	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	2007 Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	2008 Nov
Nationwide Consumer Confidence Index	100	86	85	81	78	77	70	69	63	53	52	53	62	53
Present Situation Index	100	91	88	83	76	74	65	60	59	50	46	43	37	32
Expectations Index	100	83	83	79	79	79	74	75	66	56	56	60	78	67
Spending Index	100	63	68	68	64	67	65	60	63	56	54	59	58	69

Note to editors:

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For November, the TNS research for Nationwide took place from 20 October to 16 November 2008 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.

