



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

October 2008

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 5 NOVEMBER 2008*****

"Confidence starts to rise"

CONSUMER CONFIDENCE RISES

- The Nationwide Consumer Confidence Index rose 8% in the month, bringing the index to 55 up from 51 in September - the first increase since December 2007.
- The biggest shift was seen in the Expectations Index, which increased by 17% to 69 in October.
- The only index to fall during the month was the Present Situation Index which fell by 10% from 39 in September to 35 in October.

SENTIMENT ABOUT THE CURRENT ECONOMIC SITUATION WEAKENS...

- Consumers are more pessimistic about the current economic situation this month, with three quarters (75%) believing the current economic situation is bad compared to two thirds (66%) in September.

...BUT THE FUTURE LOOKS BRIGHTER

- There was a big uplift in the proportion of people thinking the economic situation would be better in six months time, almost doubling from 14% in September to 27% in October.

CONCERNS INCREASE ABOUT THE LABOUR MARKET

- 41% of those questioned believe there are currently not many jobs available.
- Sentiment doesn't improve when looking at future employment with over half (56%) believing there will be few jobs available in six months time.

FIONNUALA EARLEY, NATIONWIDE'S CHIEF ECONOMIST, SAID:

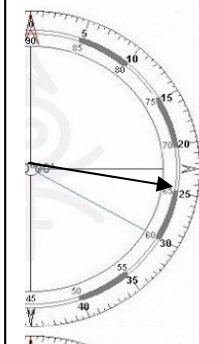
"The actions taken by the Government and the Bank of England to support financial markets do seem to have buoyed consumers' confidence and could be responsible for the increased confidence in the future economic situation. However, with the economy heading into recession, there will be bumpy times ahead for the UK consumer and it is likely to be some time before confidence returns to the level of a year ago. Rapid cuts in interest rates are however on the horizon and this may support a recovery in confidence going forward."

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

0.50% down	40%
0.75% down	55%
1.00% down	5%

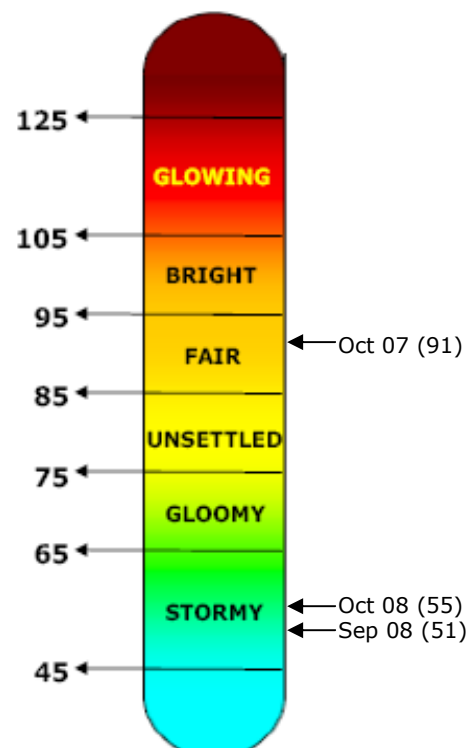
OCTOBER CONSUMER CONFIDENCE

"Consumer confidence increased four points in October - the first rise since December 2007"



Up four points

NATIONWIDE CONFIDENCE BAROMETER





STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 5 NOVEMBER 2008

UK consumer confidence buoyed by Government action

Consumer confidence rises four points in October

This month consumers felt brighter for the first time since December 2007. Despite the increasingly gloomy economic news, the Nationwide Consumer Confidence Index recorded an 8% increase in the month, bringing the index to 55 up from 51 in September.

Looking at movements in confidence within the month shows that consumers seem to have been buoyed by the actions announced by the Government and the Bank of England.

Confidence levels increased by 23% during the period of the Government's announcement of its support to the banking sector.

	October 2008	September 2008
Nationwide Consumer Confidence Index	55	51
- Present Situation Index	35	39
- Expectations Index	69	59
- Spending Index	55	53

Note: Seasonally adjusted

The gloomy economic news has clearly affected consumers' perceptions of where we are now. Confidence in the present situation fell by 10% to 35 during the month. However, consumers spending confidence increased a little, from 53 in September to 55 in October, perhaps reflecting their observations of heavy discounts. The biggest uplift in confidence was due to consumers perceptions about the future. The Expectations Index (reflecting views of the economy and labour market in six months time) increased by 17% to 69 in October.

Fionnuala Earley, Nationwide's chief economist said:

"The actions taken by the Government and the Bank of England to support financial markets do seem to have buoyed consumers' confidence and could be responsible for the increased confidence in the future economic situation. However, with the economy heading into recession, there will be bumpy times ahead for the UK consumer and it is likely to be some time before confidence returns to the level of a year ago. Rapid cuts in interest rates are however on the horizon and this may support a recovery in confidence going forward."

Consumers more pessimistic about the current economy, but think the future economy looks brighter

The reality of the downturn seems to be hitting home, with three quarters (75%) now believing that the current economic situation is bad. This is perhaps reinforced by the need for the actions taken in the financial markets. Only 8% now think the current situation is good. While 38% of consumers believe that economic conditions will be worse in six months time, there was a big uplift in the proportion thinking the situation would be better in six months time, this almost doubled to 27% in October from 14% in September.

People's views on employment continue to deteriorate

Consumers are however feeling increasingly gloomy about the jobs market, both now and in six months time. 41% of consumers think there are few jobs available now, up from 35% last month. Looking forward, over half (56%) think there will be few jobs available in six months, up from 48% in September.

Consumers tighten purse strings

Two thirds (66%) believe now is a bad time to make a major purchase such as a house or a car, compared to 64% in September. A squeeze on incomes, higher living costs and gloomy economic reports are likely to have contributed to sentiment. The highest proportion of people (41%) are indifferent about purchasing household goods, believing that now is neither a good nor bad time to buy.

Expectations about house prices over the next six months continued to fall. Consumers now expect prices to fall by 5.6% over the next six months, compared with 4.9% in September.



Nationwide Consumer Confidence Index in partnership with TNS



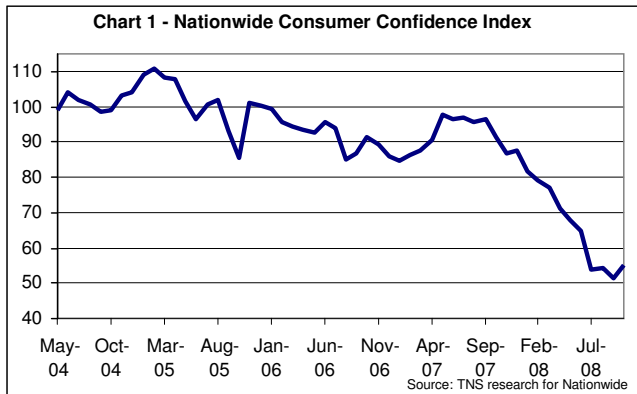
www.nationwide.co.uk/consumer_confidence

October 2008

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 5 NOVEMBER 2008*****

Nationwide Consumer Confidence Index

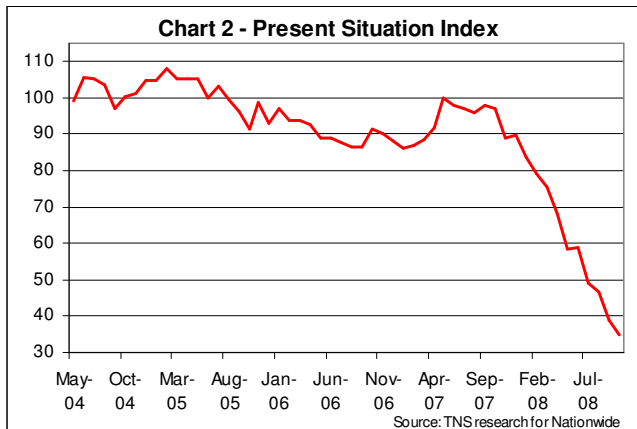
The Nationwide Consumer Confidence Index rose by four points in October from 51 to 55 (research took place from 22 September to 19 October 2008).



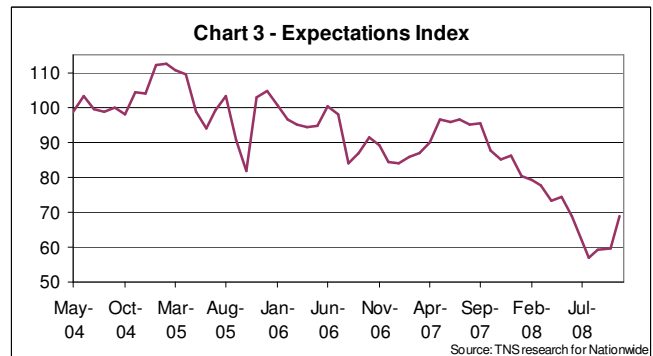
Sub-Indices

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

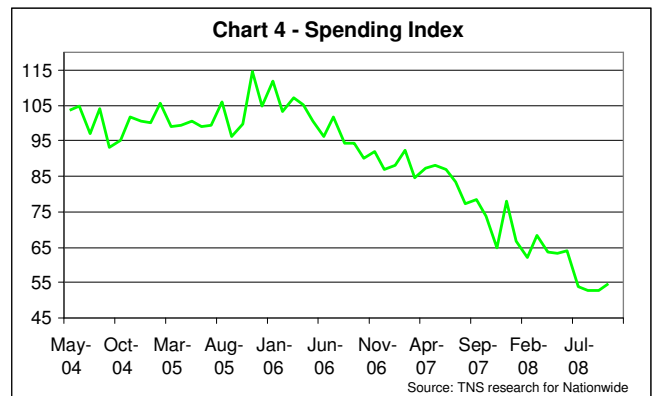
Present Situation Index (Chart 2): reflects sentiment about the current economic and employment situation. This Index dropped four points in October to 35. 75% of consumers believe that the current economic situation is bad compared to 66% last month. 16% of consumers think that the current economic situation is normal compared to 23% in September. The number of consumers who believe there are now few jobs available rose from 35% in September to 41% in October.



Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index rose from 59 in September to 69 in October. 38% of consumers believe that the economy will be worse in six months time compared to 53% in September. People are less confident about the future employment situation with 56% believing there will be few jobs available in six months time compared to 48% in September.



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The spending index rose from 53 in September to 55 in October. The number of consumers that believe it is a good time to buy household goods rose marginally from 26% in September to 29% in October. However, consumers are less confident about making a major purchase with 66% believing now is a bad time to buy compared to 64% in September. Over a quarter of consumers (27%) think now is a bad time to buy household goods. However 41% are indifferent, believing that now is neither a good nor bad time to buy household goods.



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 October, the TNS research for Nationwide took place from 22 September to 19 October 2008 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 3 December.

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



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

October 2008

STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 5 NOVEMBER 2008

Nationwide Consumer Confidence Index (seasonally adjusted).

May 2004 = 99.

	2004 May	2007 Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	2008 Oct
Nationwide Consumer Confidence Index	99	91	87	88	82	79	77	71	68	65	54	54	51	55
Present Situation Index	99	97	89	90	84	79	76	68	59	59	49	47	39	35
Expectations Index	99	88	85	86	80	79	78	73	74	69	57	59	59	69
Spending Index	104	74	65	78	67	62	68	64	63	64	54	53	53	55

Consumer responses (non-seasonally adjusted)*

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

UK Economic Situation - Current

- Good	45%	35%	34%	33%	31%	25%	25%	17%	14%	14%	11%	9%	10%	8%
- Normal	31%	46%	42%	40%	41%	39%	41%	42%	32%	32%	26%	25%	23%	16%
- Bad	20%	18%	21%	24%	25%	34%	32%	39%	52%	52%	61%	65%	66%	75%
- Don't know	4%	2%	3%	2%	3%	2%	3%	2%	2%	1%	1%	1%	1%	1%

UK Employment Situation - Current

- Many/Some jobs available	66%	61%	55%	54%	52%	53%	49%	47%	51%	50%	41%	39%	37%	37%
- Neither many nor few available	10%	18%	16%	17%	18%	18%	21%	23%	19%	19%	25%	22%	20%	17%
- Not many/few jobs available	20%	16%	23%	21%	24%	23%	24%	25%	24%	25%	28%	31%	35%	41%
- Don't know	5%	6%	7%	8%	5%	6%	6%	6%	7%	5%	6%	8%	7%	6%

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

UK Economic Situation - 6 months' time

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

UK Employment Situation - 6 months' time

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

Household income - 6 months' time

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

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%	10%	16%	13%	11%	14%	15%	14%	18%	17%	14%	18%	18%
- Neither good nor bad	27%	34%	28%	24%	27%	31%	27%	23%	19%	19%	18%	16%	16%	15%
- Bad time to buy	45%	51%	57%	58%	58%	55%	56%	60%	65%	61%	64%	68%	64%	66%
- Don't know	1%	1%	4%	2%	2%	3%	3%	2%	2%	2%	1%	2%	2%	2%

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

- Good time to buy	58%	40%	35%	35%	44%	36%	33%	27%	29%	28%	25%	28%	26%	29%
- Neither good nor bad	33%	50%	49%	48%	40%	49%	52%	56%	50%	49%	51%	46%	49%	41%
- Bad time to buy	7%	6%	11%	14%	11%	12%	11%	12%	16%	20%	21%	23%	21%	27%
- Don't know	1%	3%	5%	3%	4%	3%	3%	5%	4%	3%	3%	3%	3%	3%



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

October 2008

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 5 NOVEMBER 2008*****

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 Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	2008 Oct
Nationwide Consumer Confidence Index	100	98	86	85	81	78	77	70	69	63	53	52	53	62
Present Situation Index	100	99	91	88	83	76	74	65	60	59	50	46	43	37
Expectations Index	100	97	83	83	79	79	79	74	75	66	56	56	60	78
Spending Index	100	77	63	68	68	64	67	65	60	63	56	54	59	58

Note to editors:

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For October, the TNS research for Nationwide took place from 22 September to 19 October 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.

