



Nationwide Consumer Confidence Index in partnership with TNS-RI



www.nationwide.co.uk/consumer_confidence

November 2009

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 9 DECEMBER 2009*****

"Confidence stable in November"

CONFIDENCE UNCHANGED FOR SECOND CONSECUTIVE MONTH

- Consumer confidence remained unchanged on 73 points in November.
- The Present Situation Index dropped two points to 20 from the six month high of 22 recorded in October.
- The Expectations Index and Spending Index both rose in November, increasing to 108 and 106 respectively.

IMPROVED OPTIMISM ON SPENDING

- The Spending Index increased by two points in November, keeping it above the 100 point level for the tenth consecutive month.
- The number of people who believe now to be a bad time to make a major purchase fell to its lowest level since April 2006.

CONFIDENCE IN THE FUTURE SITUATION REMAINS STRONG

- 84% of consumers now believe the economic situation will be the same or better in six months' time, while just 14% believe it will be worse.
- 88% of people believe their household income will be the same or higher in six months' time.

MARTIN GAHBAUER, NATIONWIDE'S CHIEF ECONOMIST, SAID:

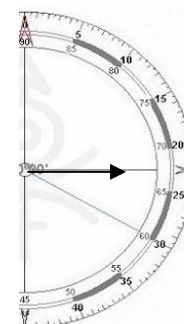
"Confidence remained stable for a second consecutive month in November, suggesting that consumer sentiment is holding steady at the end of a volatile year for the index. At the beginning of 2009 we saw consumer confidence drop to record lows, but we have since seen this index return to pre-recession levels. In the last few months, consumer confidence has lost some of the upward momentum evident earlier in the year, and this is largely due to ongoing pessimism about the current economic situation rather than expectations for the future. The downbeat assessment of the present situation is consistent with recent news that the UK has been slower to come out of recession than other countries. However, expectations for the next six months have not abated and remain at a high level."

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

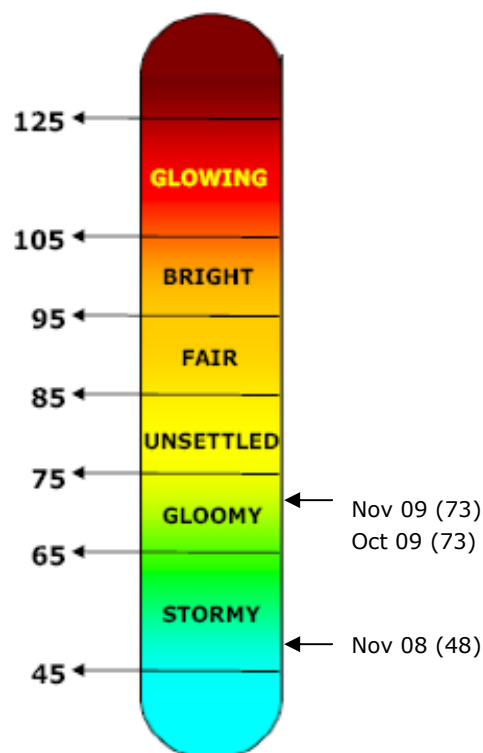
No change	95%
0.25% up	5%

NOVEMBER CONSUMER CONFIDENCE

"Confidence remained stable for a second consecutive month in November."



NATIONWIDE CONFIDENCE BAROMETER





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Confidence remains stable as Christmas nears

Consumer confidence unchanged for second month running

The Nationwide Consumer Confidence Index remained unchanged for the second consecutive month in November, staying level at 73 points. Notably, the Present Situation Index saw a small fall in November following recent monthly increases – dropping two points to 20 from a six month high of 22 points recorded in October. By contrast, the Expectations Index increased by one point to 108 during the month, following a three point fall in October. The Spending Index also recorded an increase in November, rising two points to 106.

	November 2009	October 2009
Nationwide Consumer Confidence Index	73	73
- Present Situation Index	20	22
- Expectations Index	108	107
- Spending Index	106	104

Note: seasonally adjusted

Expectations about house price rises over the next six months moderated in November. Consumers now expect the value of their home to increase by 1.0% over the next six months, compared with 1.5% in October.

Martin Gahbauer, Nationwide’s chief economist, said:

“Confidence remained stable for a second consecutive month in November, suggesting that consumer sentiment is holding steady at the end of a volatile year for the index. At the beginning of 2009 we saw consumer confidence drop to record lows, but we have since seen this index return to pre-recession levels. In the last few months, consumer confidence has lost some of the upward momentum evident earlier in the year, and this is largely due to ongoing pessimism about the current economic situation rather than expectations for the future. The downbeat assessment of the present situation is consistent with recent news that the UK has been slower to come out of recession than other countries. However, expectations for the next six months have not abated and remain at a high level.”

Increased belief that now is a good time to spend

The Spending Index increased by two points to 106 in November, keeping it above the 100 point level for the tenth consecutive month. As there was no change in confidence to purchase household goods, this uplift can be credited to improved confidence to make major purchases. While there is clearly a view among consumers that now is a good time to spend, it is perhaps surprising that there was not a larger increase in positive spending sentiment in November ahead of the VAT rate reverting back to 17.5% from 1 January 2010. Nonetheless, the number of people who believe now to be a bad time to make a major purchase fell by three percentage points to 34% - the lowest level it has reached since April 2006.

Confidence in the present situation falls back slightly...

While there was a return to double digits (10%) in October for the proportion of consumers who believe the current economic situation to be good, this fell back by three percentage points to 7% in November. There was little change in sentiment towards the current employment situation during the month, however the number of people who believe there to be not many or few jobs available increased by one percentage point to 67%.

...but confidence in the future economic situation remains strong

Of those questioned during November, 84% believe that the economic situation will be the same or better in six months’ time – an increase of 1% from October. Just 14% now believe that the economic situation will be worse in six months’ time. This is the lowest level it has reached since the index began (May 2004). The number of people who believe that their household income will be higher in six months’ time fell to 15% during the month, down from 17% in October. However, the percentage of those who believe it will be the same increased by two percentage points, reaching its highest ever level at 73%.



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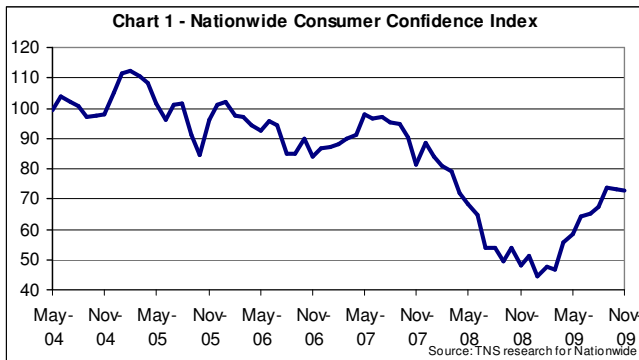
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Nationwide Consumer Confidence Index

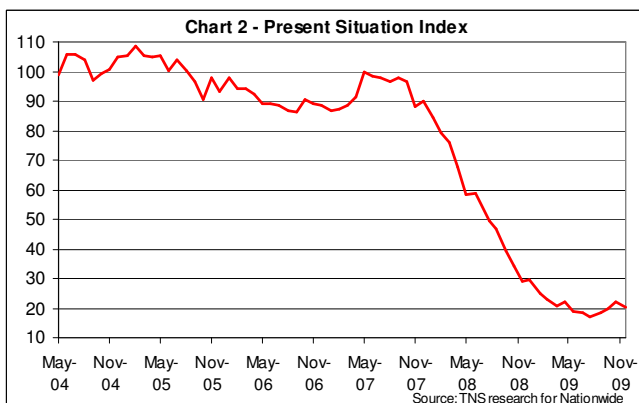
The Nationwide Consumer Confidence Index remained unchanged on 73 points in November (research took place from 19 October 2009 to 22 November 2009).



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.

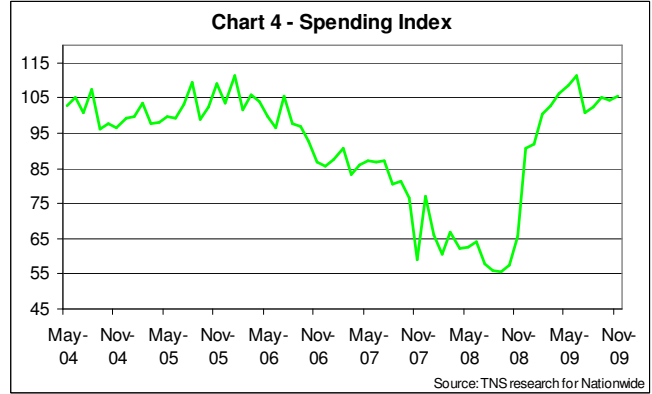
Present Situation Index (Chart 2): reflects sentiment about the current economic and employment situation. This Index decreased by two points in November to 20. The proportion of consumers who believe the current economic situation is good decreased by three percentage points on the previous month to 7%. The number of consumers who believe there are not many or few jobs available rose from 66% in October to 67% in November.



Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index increased by one point to 108 in November. The number of people who believe the economic situation will be better in six months' time fell to 41% from 42% in November, while the number of people who believe it will be the same increased by two percentage points to 43%. The percentage of people who believe there will be many or some jobs available in six months' time decreased by one percentage point to 27% in November.



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index increased by two points in November to 106. The number of consumers that believe now is a good time to make a major purchase increased by one percentage point to 37% in November. The number of consumers who believe now is a good time to purchase household goods remained level at 39%.



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-RI, 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-RI research for Nationwide took place from 19 October 2009 to 22 November 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 6 January 2010.

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	2008 Nov	Dec	2009 Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Nationwide Consumer Confidence Index	99	48	51	45	48	47	56	58	64	65	68	74	73	73
Present Situation Index	99	29	30	25	23	21	22	19	18	17	18	20	22	20
Expectations Index	99	61	66	58	64	64	78	85	95	97	100	110	107	108
Spending Index	103	66	91	92	100	103	106	109	111	101	103	105	104	106

Consumer responses (non-seasonally adjusted)**

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

UK Economic Situation - Current

- Good	45%	9%	9%	8%	2%	5%	5%	6%	4%	6%	5%	7%	10%	7%
- Neither good nor bad	31%	15%	15%	11%	11%	12%	15%	15%	18%	17%	22%	23%	21%	21%
- Bad	20%	76%	75%	82%	86%	83%	80%	77%	76%	75%	72%	69%	68%	70%
- Don't know	4%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

UK Employment Situation - Current

- Many/Some jobs available	66%	30%	26%	23%	23%	21%	20%	20%	19%	16%	18%	23%	22%	22%
- Neither many nor few	10%	15%	12%	12%	10%	11%	8%	8%	8%	8%	9%	8%	9%	8%
- Not many/few jobs available	20%	49%	57%	61%	64%	66%	68%	68%	68%	74%	71%	66%	66%	67%
- Don't know	5%	6%	5%	4%	3%	3%	3%	4%	4%	3%	2%	3%	3%	3%

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

UK Economic Situation - 6 months' time

- Better than today	15%	22%	21%	17%	19%	19%	26%	28%	33%	33%	34%	39%	42%	41%
- Same	50%	30%	27%	29%	34%	39%	41%	42%	42%	44%	45%	42%	41%	43%
- Worse than today	30%	45%	49%	53%	43%	41%	32%	28%	23%	21%	21%	18%	15%	14%
- Don't know	5%	3%	3%	2%	3%	1%	2%	2%	3%	3%	1%	1%	2%	2%

UK Employment Situation - 6 months' time

- Many/Some jobs available	57%	21%	21%	15%	18%	19%	19%	22%	22%	20%	23%	27%	28%	27%
- Neither many or few	17%	17%	14%	15%	16%	14%	16%	18%	21%	18%	20%	21%	17%	18%
- Not many/few jobs available	21%	59%	63%	67%	65%	65%	62%	57%	54%	60%	56%	50%	52%	52%
- Don't know	4%	3%	3%	3%	2%	1%	3%	3%	2%	2%	1%	2%	3%	3%

Household income - 6 months' time

- Higher	26%	16%	15%	14%	17%	14%	14%	14%	13%	16%	14%	18%	17%	15%
- Same	65%	65%	65%	66%	65%	67%	70%	70%	71%	68%	72%	70%	71%	73%
- Lower	9%	16%	19%	18%	17%	18%	15%	15%	15%	14%	13%	10%	11%	11%
- Don't know	1%	3%	2%	2%	1%	2%	2%	1%	1%	2%	2%	1%	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%	26%	27%	33%	38%	38%	42%	39%	40%	35%	33%	39%	36%	37%
- Neither good nor bad	27%	14%	19%	15%	18%	16%	19%	20%	21%	19%	23%	22%	25%	26%
- Bad time to buy	45%	58%	51%	51%	41%	44%	38%	38%	38%	43%	40%	37%	37%	34%
- Don't know	1%	2%	3%	2%	2%	2%	2%	3%	2%	2%	5%	1%	2%	2%

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

- Good time to buy	58%	28%	41%	50%	46%	43%	42%	41%	42%	40%	39%	42%	39%	39%
- Neither good nor bad	33%	43%	33%	32%	36%	39%	40%	39%	43%	41%	44%	42%	44%	44%
- Bad time to buy	7%	26%	23%	16%	16%	16%	15%	17%	13%	16%	13%	14%	15%	15%
- Don't know	1%	3%	3%	2%	1%	2%	2%	3%	2%	3%	3%	2%	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	2008 Nov	Dec	2009 Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Nationwide Consumer Confidence Index	100	53	48	41	45	45	54	59	63	65	66	78	81	78
Present Situation Index	100	32	28	24	20	19	19	20	18	17	17	23	25	23
Expectations Index	100	67	61	52	61	61	78	85	93	96	98	114	118	115
Spending Index	100	69	82	94	104	103	109	106	110	99	100	109	105	109

Note to editors:

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For November, the TNS-RI research for Nationwide took place from 19 October 2009 to 22 November 2009 with 1,000 people. NFO, now part of TNS-RI, has worked with the US Conference Board since the inception of its consumer confidence index in 1967.

