

Nationwide CONSUMER CONFIDENCE INDEX

in partnership with TNS-RI



Consumer Confidence

April 2010

www.nationwide.co.uk/consumer_confidence

STRICTLY EMBARGOED UNTIL 00.01 AM THURSDAY 13 MAY 2010

Confidence hangs in the balance at election time

Small rise in confidence in April

- The Consumer Confidence Index rose by one point to 74 in April. The index is now 23 points higher than at this time last year
- Faith in the present situation improved in April, while expectations for the future fell for the second consecutive month
- At 104 the Expectations Index is now 14 points below its record high seen in February

Confidence grows in the employment situation

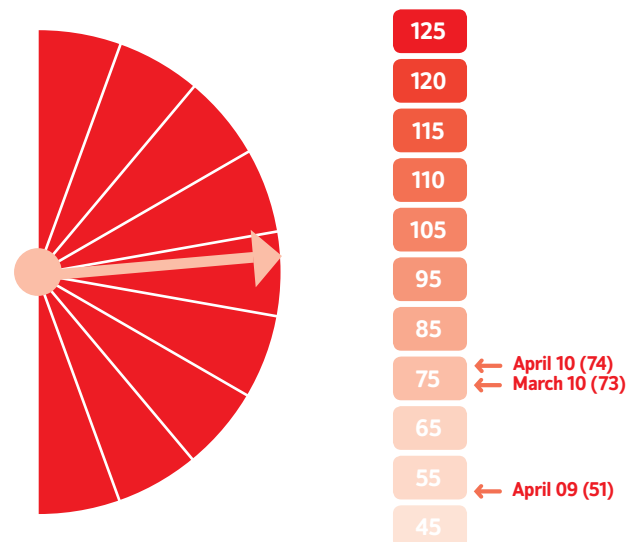
- Consumers displayed greater optimism towards the present and future employment situation in April with confidence picking up across both of these measures
- This comes against a backdrop of expected public spending cuts post election and increasing unemployment figures for the UK
- There was little change to confidence in the present economic situation during the month

Mark Saddleton, Nationwide's head of economic and market analysis, said:

"As the UK braced itself for a period of political uncertainty, confidence remained broadly stable during the month of April – potentially a result of consumers maintaining a reserved outlook in the run up to the recent General Election. This stability has done little to repair the nine point fall seen in March's figures after the index had reached its highest level for two years in February. Confidence is now 23 points higher than at the same time last year. However, further increases may be muted as consumers wait to see what impact a hung parliament and the deficit reduction plans of a new government will have on the economy and employment situation. With confidence still fragile following the recent recession, there is a very real possibility that the index could experience further volatility in the coming months if uncertainty remains following the formation of a coalition Government."

April Consumer Confidence

Consumer Confidence rose by one point during April. Confidence is now 23 points higher than at the same time last year.



Media enquiries to:
Roy Beale, 01793 655689, roy.beale@nationwide.co.uk

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April 2010

Confidence hangs in the balance at election time

April saw a small rise in Consumer Confidence with the index picking up by one point to 74. The index is now 23 points higher than at the same time last year. Faith in the present situation improved in April, while expectations for the future fell for the second consecutive month. At 104 the Expectations Index is now 14 points below its record high of 118 seen in February.

Confidence in the spending situation remained broadly stable following a small increase in March and now stands at 96.

Consumers continue to show a guarded optimism towards the housing market, with consumers expecting the value of their home to increase by 1.0% over the next six months, compared with 0.9% in March. This is now 7.2 percentage points higher than the low point experienced at the beginning of 2009, and just one percentage point lower than where it was in the run up to the 2005 election.

	April 2010	March 2010
Nationwide Consumer Confidence Index	74	73
- Present Situation Index	28	25
- Expectations Index	104	106
- Spending Index	96	97

Note: seasonally adjusted

Mark Saddleton, Nationwide's head of economic and market analysis, said:

"As the UK braced itself for a period of political uncertainty, confidence remained broadly stable during the month of April – potentially a result of consumers maintaining a reserved outlook in the run up to the recent General Election. This stability has done little to repair the nine point fall seen in March's figures after the index had reached its highest level for two years in February. Confidence is now 23 points higher than at the same time last year. However, further increases may be muted as consumers wait to see what impact a hung parliament and the deficit reduction plans of a new government will have on the economy and employment situation. With confidence still fragile following the recent recession, there is a very real possibility that the index could experience further volatility in the coming months if uncertainty remains following the formation of a coalition Government.

Pre-election uncertainty similar to that seen in 2005

"The stability of the index in April is in line with what was experienced in the run-up to the 2005 election, where confidence was broadly flat as consumers adopted a 'wait and see approach' until the result was clear. Following the 2005 election the index then remained above the long-run average (84) until January 2008, after which we saw a steep decline as the UK entered recession. The future path of confidence is likely to depend on how quickly the UK recovers and what policies are implemented by the new Government.

Consumers feel more optimistic toward the employment situation

"Perhaps surprisingly, consumers displayed greater optimism towards the present and future employment situation in April with confidence picking up across both of these measures. This comes against a backdrop of expected public spending cuts post election and increasing unemployment figures for the UK, which reached their highest level since 1994 during the three months to February.

"By contrast, there was little change to confidence in the present economic situation during the month. Rising inflation reported during March, higher fuel costs and weak sterling will have done little to raise confidence in this area. This is despite GDP figures showing the UK came out of recession with more momentum than originally estimated and economic growth continuing into the first quarter of 2010.

"It is clear that consumers remain uncertain about the strength and sustainability of the recovery and recent events in Greece will have done little to alleviate this. An acknowledged priority for the new Government will be to set out a clear plan that achieves the difficult balancing act between sustaining the economic recovery and making progress on reducing the UK's fiscal deficit."

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April 2010

Nationwide Consumer Confidence Index

The Nationwide Consumer Confidence Index rose by one point in April from 73 to 74 (research took place from 22 March 2010 to 18 April 2010).

Chart 1 - Nationwide Consumer Confidence Index



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 increased by three points in April to 28. The proportion of consumers that believe the current economic situation is bad fell by two percentage point during the month to 62%. However, the percentage of consumers who believe there are many or some jobs available rose by six percentage points to 28% in April – its highest level since November 2008.

Chart 2 - Present Situation Index



Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index fell by two points to 104 in April. The proportion of people who believe the economic situation will be better in six months' time decreased by four percentage points to 29% in April. The percentage of people who believe there will be many or some jobs available in six months' time, increased by three percentage points to 28% in April.

Chart 3 - Expectations Index



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index decreased by one point in April. The number of consumers that believe now is a good time to make a major purchase fell by two percentage points in April to 30%, reversing the increase seen in March. The number of consumers who believe now is a good time to purchase household goods increased by one percentage point from 35% in March to 36% in April.

Chart 4 - Spending Index



The Nationwide Consumer Confidence Index (NCCI):

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 March, the TNS-RI research for Nationwide took place from 22 March 2010 to 18 April 2010 with 1,001 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.

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

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Nationwide Consumer Confidence Index (seasonally adjusted).

	2004		2009		2010									
	May	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Nationwide Consumer Confidence Index	99	51	59	64	66	70	77	77	78	73	77	82	73	74
Present Situation Index	99	19	19	19	18	19	21	24	22	22	24	28	25	28
Expectations Index	100	72	85	95	98	103	114	113	115	108	112	118	106	104
Spending Index	102	100	108	111	102	105	109	109	112	112	100	95	97	96

Consumer responses (non-seasonally adjusted)

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

UK Economic Situation - Current														
Good	45%	5%	6%	4%	6%	5%	7%	10%	7%	6%	8%	8%	8%	7%
Neither good nor bad	31%	15%	15%	18%	17%	22%	23%	21%	21%	20%	22%	25%	26%	29%
Bad	20%	80%	77%	76%	75%	72%	69%	68%	70%	73%	69%	65%	64%	62%
Don't know	4%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%
UK Employment Situation - Current														
Many/Some jobs available	66%	20%	20%	19%	16%	18%	23%	22%	22%	19%	22%	25%	22%	28%
Neither many nor few	10%	8%	8%	8%	8%	9%	8%	9%	8%	9%	8%	11%	10%	9%
Not many/few jobs available	20%	68%	68%	68%	74%	71%	66%	66%	67%	70%	67%	61%	65%	61%
Don't know	5%	3%	4%	4%	3%	2%	3%	3%	3%	3%	2%	3%	3%	4%

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

UK Economic Situation - 6 months' time														
Better than today	15%	26%	28%	33%	33%	34%	39%	42%	41%	34%	36%	39%	33%	29%
Same	50%	41%	42%	42%	44%	45%	42%	41%	43%	44%	45%	44%	48%	52%
Worse than today	30%	32%	28%	23%	21%	21%	18%	15%	14%	19%	17%	15%	16%	15%
Don't know	5%	2%	2%	3%	3%	1%	1%	2%	2%	3%	2%	2%	3%	4%
UK Employment Situation - 6 months' time														
Many/Some jobs available	57%	19%	22%	22%	20%	23%	27%	28%	27%	25%	29%	31%	25%	28%
Neither many nor few	17%	16%	18%	21%	18%	20%	21%	17%	18%	19%	20%	23%	23%	24%
Not many/few jobs available	21%	62%	57%	54%	60%	56%	50%	52%	52%	53%	50%	43%	48%	45%
Don't know	4%	3%	3%	2%	2%	1%	2%	3%	3%	2%	2%	2%	3%	3%
Household income - 6 months' time														
- Higher	26%	14%	14%	13%	16%	14%	18%	17%	15%	17%	17%	19%	18%	17%
- Same	65%	70%	70%	71%	68%	72%	70%	71%	73%	69%	69%	69%	69%	69%
- Lower	9%	15%	15%	15%	14%	13%	10%	11%	11%	13%	13%	10%	11%	13%
- Don't know	1%	2%	1%	1%	2%	2%	1%	1%	1%	1%	1%	1%	2%	1%

Spending: 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%	42%	39%	40%	35%	33%	39%	36%	37%	35%	32%	30%	32%	30%
- Neither good nor bad	27%	19%	20%	21%	19%	23%	22%	25%	26%	25%	28%	29%	30%	34%
- Bad time to buy	45%	38%	38%	38%	43%	40%	37%	37%	34%	38%	38%	37%	36%	33%
- Don't know	1%	2%	3%	2%	2%	5%	1%	2%	2%	2%	2%	3%	3%	2%
Spending confidence - Household goods e.g. white/brown goods														
- Good time to buy	58%	42%	41%	42%	40%	39%	42%	39%	39%	42%	45%	39%	35%	36%
- Neither good nor bad	33%	40%	39%	43%	41%	44%	42%	44%	44%	42%	41%	47%	47%	51%
- Bad time to buy	7%	15%	17%	13%	16%	13%	14%	15%	15%	13%	12%	13%	13%	11%
- Don't know	1%	2%	3%	2%	3%	3%	2%	3%	3%	2%	2%	3%	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).

	2004		2009							2010				
	May	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Nationwide Consumer Confidence Index	100	54	59	63	65	66	78	81	78	70	75	83	75	77
Present Situation Index	100	19	20	18	17	17	23	25	23	20	24	27	24	28
Expectations Index	100	78	85	93	96	98	114	118	115	104	109	121	109	110
Spending Index	100	109	106	110	99	100	109	105	109	105	104	102	102	105

Note to editors:

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For April, the TNS-RI research for Nationwide took place from 22 March 2010 to 18 April 2010 with 1,001 people.