

Nationwide SAVINGS INDEX



Comprehensive monthly insight into the behaviours of individual savers across the UK

www.nationwide.co.uk/savingsindex

8 February 2010

No embargo

SAVERS' HABITS NOT YET DETERRED DESPITE INCREASING INFLATION

- Total number of regular and occasional savers reaches 16 month peak
- But one fifth (21%) of people still not saving at all
- Continued inflation may threaten future savings returns

	Jan 2010	Dec 2009
SAVINGS INDEX	85 (+2)	83
Importance of Savings Index	98 (+12)	86
Savings Environment Index	73 (-8)	81
Future Savings Index	122 (-2)	124

Number of savers reaches 16 month peak

- January 2010 saw the number of regular and occasional savers increase to 79% - the highest since September 2008.

Andy Hutchinson, head of savings at Nationwide, says:

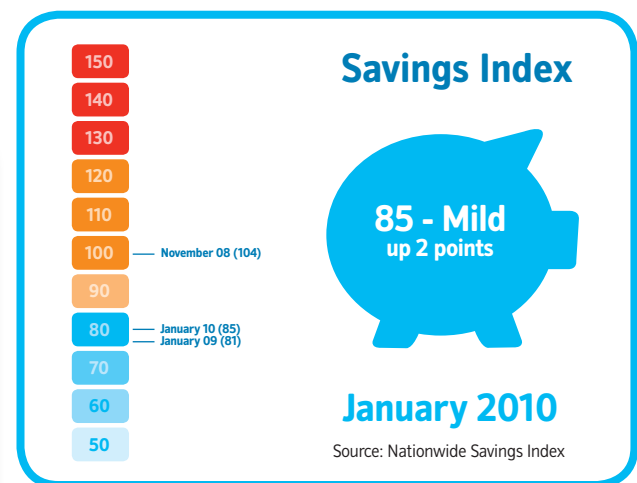
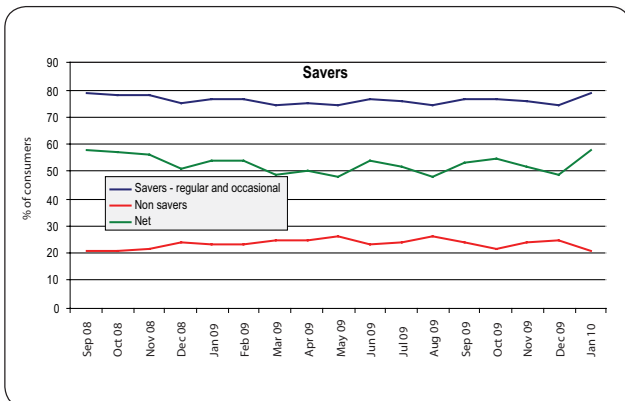
"Although there is still a lot of room for improvement, it is nonetheless encouraging to see a rise in the number of savers in January 2010. This is despite the continued low interest rate environment - the last time there were so many savers, the Bank of England Base Rate was 5.00%. I think this shows that good returns are still available, especially for those who are willing to lock part of their savings into longer term bonds."

But one fifth of people still not saving at all

- The number of those who don't save at all decreased from 25% in the previous month to 21%.

Andy Hutchinson, says:

"Compared to the previous month, the number of non-savers fell from one in four to about one in five. This could have been because of the recent increase in VAT meaning people spent less money and therefore had more money to save. Alternatively, some consumers may have made it their New Year resolutions to save more frequently. Whatever the reason, it will be interesting to see in the next coming months whether this improvement can be sustained."



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Continued inflation may threaten future savings returns

Andy Hutchinson, says:

“Interestingly, although the Bank of England Base rate has been very low for the past year, real returns on savings were relatively high in that period, once inflation has been taken into account. However, the most recent figures from the Office for National Statistics show that the annual rate of inflation has risen¹, which, if it continues, may threaten the long term real rate of return on savings. So if Base Rate remains low, any sustained inflation will diminish the real return on savings and may discourage consumers from saving.”

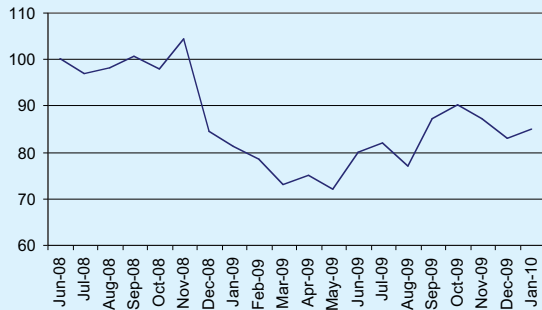
Savings indices - since the beginning

Index	Savings Index	Importance of Savings Index	Savings Environment Index	Future Savings Index
Jun-08	100	100	100	100
Jul-08	97	106	95	94
Aug-08	98	99	97	87
Sep-08	101	105	101	95
Oct-08	98	104	100	91
Nov-08	104	105	94	84
Dec-08	84	94	78	96
Jan-09	81	90	71	97
Feb-09	79	80	63	105
Mar-09	73	76	58	104
Apr-09	75	77	58	101
May-09	72	88	59	111
Jun-09	80	85	65	101
Jul-09	82	98	71	106
Aug-09	77	86	66	105
Sep-09	87	91	77	121
Oct-09	90	88	85	119
Nov-09	87	98	76	124
Dec-09	83	86	81	124
Jan-10	85	98	73	122

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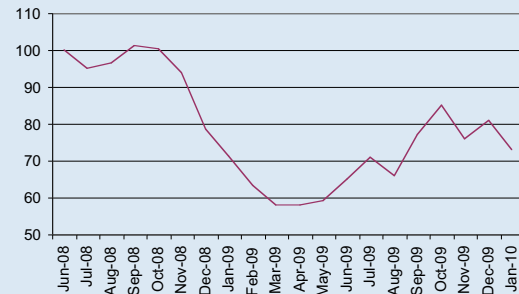


Chart 1. Nationwide Savings Index



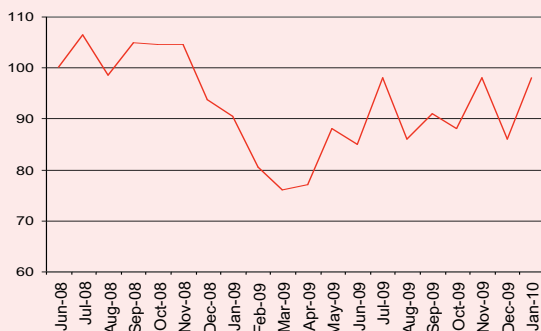
The Savings Index (principal index): made up of consumer opinion about the frequency of saving, current feelings about their current levels of saving, whether it's a good time to save given the external environment and thoughts on government policy.
Source: TNS-Ri research for Nationwide

Chart 3. Savings Environment Index



The Savings Environment Index (sub index): made up of consumer opinion about whether it's a good time to save given the economic environment and whether government policy encourages people to save.
Source: TNS-Ri research for Nationwide

Chart 2. Importance of Saving Index



The Importance of Savings Index (sub index): made up of consumer opinion about the importance of saving both generally and personally.
Source: TNS-Ri research for Nationwide

Chart 4. Future Savings Index



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.
Source: TNS-Ri research for Nationwide

Note to editors:

Nationwide's Savings Index is based on a monthly survey representative of the UK population. For January 2010, the TNS-Ri research for Nationwide took place from 21 December 2009 to 17 January 2010 with 1,000 people.

*The Nationwide Savings Index began on 19 May 2008.

¹Office for National Statistics: <http://www.statistics.gov.uk/cci/nugget.asp?ID=19>. CPI annual inflation for December 2009 was 2.9%.