



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

January 2008

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 6 FEBRUARY 2008*****

"Consumer Confidence falls"

CONSUMER CONFIDENCE FALLS FOUR POINTS

- Confidence levels fell to 81 in January – the lowest level on record*
- The Expectation Index fell four points to 79

FUTURE OUTLOOK IS NOT ROSY

- Consumers are more pessimistic about the future labour market - the number of people positive about the future employment situation fell from 44% in December to 36% in January

CONFIDENCE AROUND HOUSEHOLD SPENDING RISES

- More consumers willing to spend on household goods despite downturn in consumer expectations
- 44% think now is a good time to buy household goods

HOUSE PRICE EXPECTATIONS LOW

- Expectations of house price growth over the next six months fell to -0.2% in January (from 0.7% in December).

MARTIN GAHBAUER, NATIONWIDE'S SENIOR ECONOMIST, SAID:

"The continued downward trend in consumer confidence in January is not unexpected in light of current uncertainties about the economic outlook. Sharp falls in share prices, the rising cost of essential items and a weak exchange rate have combined to negatively impact consumer sentiment, which could be a reason for the increased pessimism around the future economic and employment situation. The expected rate cut in February may boost sentiment in the short-term but it will be some time before consumer confidence is back to the levels reported a year ago."

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

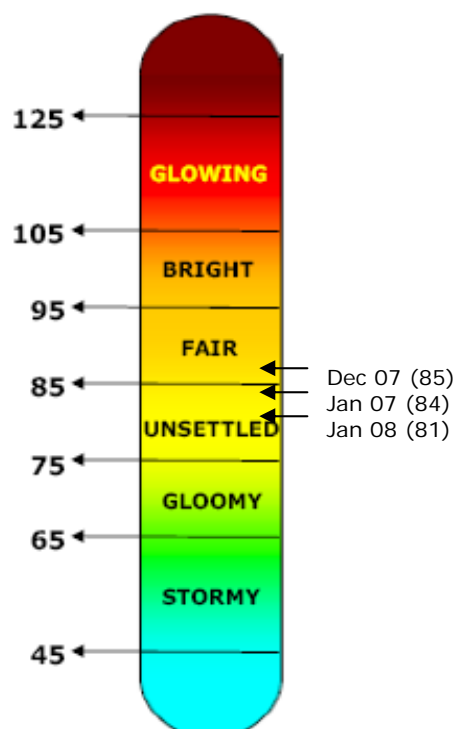
0.25 Down	80%
0.50 Down	20%

JANUARY CONSUMER CONFIDENCE

"Consumer confidence fell four points in January to its lowest level ever" *



NATIONWIDE CONFIDENCE BAROMETER





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UK Consumer Confidence continues to fall

Consumer Confidence falls four points

The Nationwide Consumer Confidence Index fell four points to 81 in January – its lowest level since the survey began*. Equity market volatility and a weaker exchange rate may have further affected consumer sentiment, which is already feeling the impact of higher food and oil prices, as well as ongoing economic uncertainty.

	Jan 2008	Dec 2007
Nationwide Consumer Confidence Index	81	85
- Present Situation Index	83	88
- Expectations Index	79	83
- Spending Index	68	68

Consumer sentiment about the economic and employment situation and their income in six months time, reflected in the Expectations Index, shifted in January. The index fell four points from 83 to 79. This was largely driven by a lack of confidence in the number of future jobs available.

The Present Situation Index (how consumers feel about the current economic and employment situation) fell five points to 83 (from 88 in December), reflecting consumers increased gloom about the current state of the economy. In spite of this, the Spending Index (consumers' willingness to spend) remained stable in January. However, at 68, it's still considerably lower than the same time last year (90 in January 2007).

The UK Nationwide Consumer Confidence Index uses a similar methodology to that of the US Conference Board, the most highly regarded Consumer Confidence Index in the US, widely acknowledged as a key US economic indicator. Nationwide's monthly survey is compiled in partnership with TNS.

Martin Gahbauer, Nationwide's senior economist, said:

"The continued downward trend in consumer confidence in January is not unexpected in light of current uncertainties about the economic outlook. Sharp falls in share prices, the rising cost of essential items and a weak exchange rate have combined to negatively impact consumer sentiment, which could be a reason for the increased pessimism around the future economic and employment situation. The expected rate cut in February may boost sentiment in the short-term but it will be some time before consumer confidence is back to the levels reported a year ago."

The future outlook is not rosy

Consumers appear to be more pessimistic about the future labour market and it is this that has influenced falls in expectations the most. The number of people who are positive about the employment situation in six months time fell almost 10% to 36% in January (down from 44% in December). The number of people who are expecting the economic situation to be worse in six months time increased slightly from 42% in December to 44% in January. This generally negative future outlook does not appear to have impacted consumers' future income expectations – the majority of people believe their household income will either stay the same or increase in six months time (88%).

Confidence around household spending rises

Consumer sentiment around spending on household goods increased despite a downturn in the Expectations Index. 44% of respondents think now is a good time to buy these items compared to 35% in December. This willingness to spend may be a result of the heavy discounting imposed by retailers at the end of December and into early January.

House price expectations low

Expectations of house price growth continued to fall in January. Consumers expect house prices to decrease by -0.2% over the next six months, down from a projected increase of 0.7% in December. This is not unexpected and is probably a reflection of widespread reports and resulting media coverage of a slowdown in the housing market.

Enquiries to: Katie Harper, 01793 656215, Katie.harper@nationwide.co.uk



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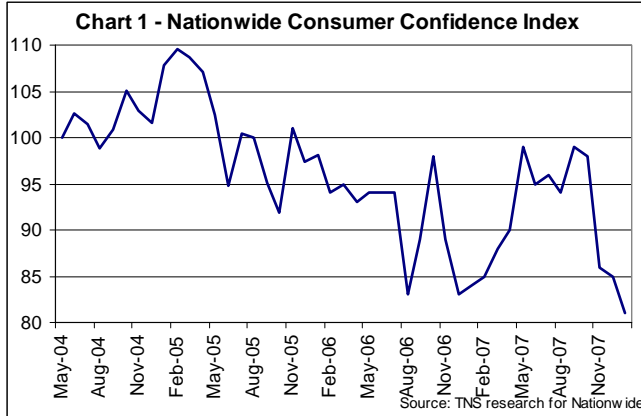
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Nationwide Consumer Confidence Index

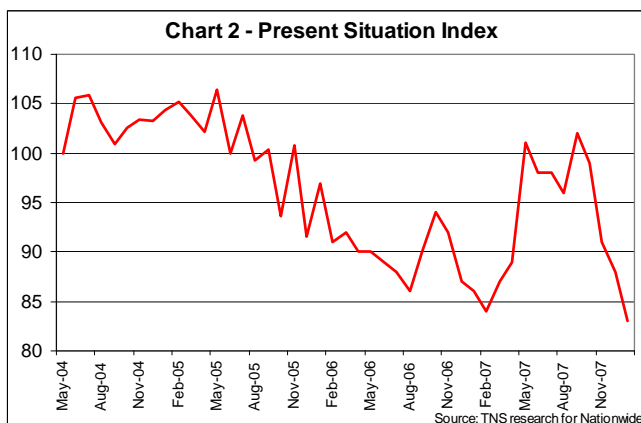
The Nationwide Consumer Confidence Index fell four points in January to its lowest level ever* (research took place from 17 December 2007 to 20 January 2008).



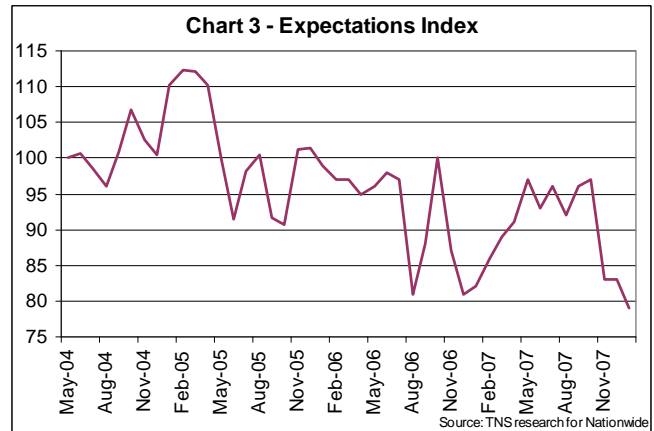
Sub-Indices

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

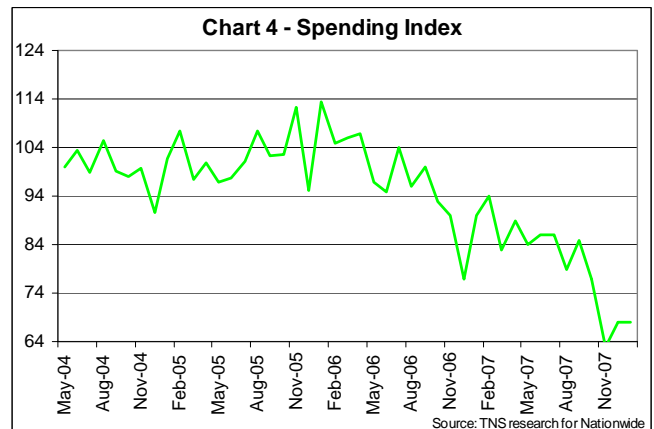
Present Situation Index (Chart 2): reflects sentiment about current economic and employment situations. This Index fell five points in January with less than a third (31%) of consumers are positive about the current economic situation, down from 33% in December. Consumers appeared to be slightly more negative about the number of jobs available in January – 24% believe there to be few jobs available compared to 21% in December.



Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index fell from 83 in December to 79 in January (the lowest since the index began)*. The number of people who are positive about the future employment situation fell almost 10% in January to 36%, from 44% in December. 44% of consumers believe the economic situation will be worse in six months time than it is today.



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The spending index remained stable at 68 in January. Consumers appear more positive about spending on household goods with 44% of respondents believing now is a good time to buy these items (up from 35% in December).



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 January, the TNS research for Nationwide took place from 17 December 2007 to 20 January 2008 with 1000 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 Nationwide Consumer Confidence Index scheduled for release at: 00.01hrs on 5 March 2008

For past reports and methodology see:

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Nationwide Consumer Confidence Index. May 2004 = 100.

	2004 May	2007 Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	2008 Jan
Nationwide Consumer Confidence Index	100	84	85	88	90	99	95	96	94	99	98	86	85	81
Present Situation Index	100	86	84	87	89	101	98	98	96	102	99	91	88	83
Expectations Index	100	82	86	89	91	97	93	96	92	96	97	83	83	79
Spending Index	100	90	94	83	89	84	86	86	79	85	77	63	68	68

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

UK Economic Situation - Current

- Good	45%	36%	35%	37%	40%	48%	48%	41%	36%	45%	35%	34%	33%	31%
- Normal	31%	36%	38%	36%	33%	33%	32%	39%	45%	38%	46%	42%	40%	41%
- Bad	20%	24%	23%	22%	23%	17%	19%	17%	14%	16%	18%	21%	24%	25%
- Don't know	4%	3%	4%	5%	4%	3%	2%	3%	4%	2%	2%	3%	2%	3%

UK Employment Situation - Current

- Many/Some jobs available	66%	52%	47%	47%	51%	60%	57%	57%	51%	60%	61%	55%	54%	52%
- Neither many nor few available	10%	15%	19%	20%	15%	14%	13%	16%	16%	14%	18%	16%	17%	18%
- Not many/few jobs available	20%	28%	29%	27%	25%	21%	23%	23%	25%	19%	16%	23%	21%	24%
- Don't know	5%	6%	6%	6%	7%	4%	6%	5%	8%	6%	6%	7%	8%	5%

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

UK Economic Situation - 6 months time

- Better than today	15%	11%	13%	14%	13%	15%	13%	14%	13%	12%	14%	11%	12%	12%
- Same	50%	48%	45%	41%	52%	53%	50%	52%	52%	55%	50%	47%	41%	39%
- Worse than today	30%	33%	33%	33%	26%	28%	29%	26%	28%	28%	31%	36%	42%	44%
- Don't know	5%	8%	10%	12%	10%	5%	7%	8%	7%	6%	6%	6%	5%	5%

UK Employment Situation - 6 months time

- Many/Some jobs available	57%	39%	38%	39%	39%	46%	46%	46%	41%	46%	44%	42%	44%	36%
- Neither many or few available	17%	17%	21%	18%	23%	25%	18%	21%	20%	25%	30%	25%	26%	26%
- Not many/few jobs available	21%	36%	33%	33%	28%	24%	28%	26%	32%	23%	21%	27%	24%	32%
- Don't know	4%	8%	8%	11%	9%	4%	7%	7%	8%	6%	5%	6%	6%	6%

Household income - 6 months time

- Higher	26%	31%	29%	29%	27%	24%	28%	24%	26%	26%	27%	26%	28%	27%
- Same	65%	56%	58%	59%	60%	66%	63%	64%	63%	64%	62%	63%	60%	61%
- Lower	9%	11%	10%	9%	11%	8%	9%	10%	8%	7%	9%	9%	11%	10%
- Don't know	1%	2%	3%	4%	3%	2%	1%	2%	2%	3%	2%	2%	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%	22%	23%	19%	21%	18%	19%	18%	15%	17%	14%	10%	16%	13%
- Neither good nor bad	27%	28%	32%	30%	32%	31%	31%	30%	35%	33%	34%	28%	24%	27%
- Bad time to buy	45%	45%	39%	45%	43%	49%	48%	48%	49%	48%	51%	57%	58%	58%
- Don't know	1%	5%	5%	7%	6%	2%	2%	3%	2%	2%	1%	4%	2%	2%

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

- Good time to buy	58%	55%	44%	40%	43%	51%	45%	41%	39%	41%	40%	35%	35%	44%
- Neither good nor bad	33%	30%	38%	39%	40%	41%	45%	46%	49%	49%	50%	49%	48%	40%
- Bad time to buy	7%	10%	9%	10%	9%	6%	6%	7%	6%	5%	6%	11%	14%	11%
- Don't know	1%	6%	8%	11%	8%	2%	4%	6%	5%	5%	3%	5%	3%	4%

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 17 December to 20 January with 1000 people. NFO, now part of TNS, has worked with The US Conference Board since the inception of its consumer confidence index in 1967.

