



August 2011

www.nationwide.co.uk/consumer_confidence

EMBARGOED UNTIL 00.01AM 21ST SEPTEMBER 2011

Confidence records modest fall despite riots and market turbulence

Nationwide Building Society, the UK's third largest mortgage and savings provider, today releases its Consumer Confidence Index for August 2011.

Index falls by one point in August

- Signs of stabilisation in August, as consumer confidence slips by just one point to 48
- Only modest fall in sentiment, despite riots and market turbulence during the month
- The already fragile state of confidence rather than household sector resilience is the likely explanation for this stability

Spending Index picks up over the month

- The Present Situation Index remained unchanged, while the Expectations Index fell by just one point
- The Spending Index rose by a sizeable seven points to 79 in August following two consecutive months of decline
- Consumers expect to see the value of their home fall by 1.3% over the next six months

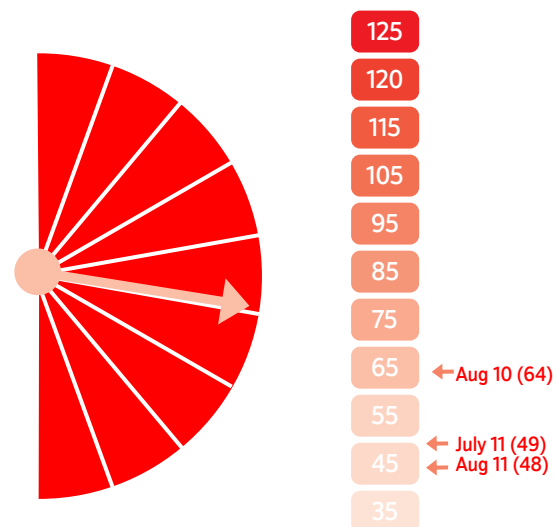
The long road to recovery

- UK economy reliant on exports for growth over the next few years as consumers lack spending power to help propel the economy forward
- Global slowdown points to continued sluggish UK growth ahead, therefore confidence is likely to remain subdued in the months ahead

	Aug 11	July 11
Nationwide Consumer Confidence Index	48	49
- Present Situation Index	23	23
- Expectations Index	65	66
- Spending Index	79	72

Note: seasonally adjusted

Robert Gardner, Nationwide's Chief Economist, said:



"There was a raft of bad news in August, so in some respects, it is encouraging that we observed only a marginal decline in sentiment during the month.

"Further signs that the UK economy is struggling to gain momentum, disorder in a number of English cities and renewed turbulence in global financial markets would all have been expected to weigh down heavily on confidence during the month.

"The relative stability is probably a reflection of the already subdued level of confidence, rather than indicating resilience in the household sector.

"Indeed, the bounce in sentiment observed after the May Bank Holiday has been steadily eroded. Three successive monthly falls have left the Index languishing just seven points above the all time lows recorded in February 2011, and 30 percentage points below its long-run average reading of 78.

Present situation and future expectations both stable

"Looking at the major underlying indices of the NCCI doesn't change the picture of relative stability seen over the month. Once again the Present Situation Index remained unchanged – for the last four months in a row we have seen very little or

Media enquiries to:

- Paul Beadle, Senior Manager Media Relations, 01793 655189
paul.beadle@nationwide.co.uk
- Evelyn Turpin, Media Relations Officer, 01793 656215
evelyn.turpin@nationwide.co.uk

Nationwide CONSUMER CONFIDENCE INDEX



www.nationwide.co.uk/consumer_confidence

August 2011

no change in this measure. Likewise, the Expectations Index remained relatively stable in the face of disconcerting domestic and global incidents.

“Perhaps more surprisingly, the Spending Index, picked up during the month with a seven point increase lifting it to 79 points. This was in part led by improved sentiment towards making major purchases. This seems at odds with the still challenging economic outlook. It may be attributable to growing expectations that interest rates are to remain low well into 2012.

Challenging times ahead

“The global economic backdrop is particularly challenging at the moment, with signs that the US recovery may be running out of steam and ongoing problems in the Eurozone.

“This is important because the UK is unusually reliant on exports to drive the economy forward at present. Household spending is under severe pressure, with wages not rising fast enough to keep up with the cost of living, while government spending is being held back by austerity measures. Therefore, until exports pick up, labour market conditions are likely to remain difficult, and without a stronger labour market, confidence is likely to remain subdued.

“In summary, consumer confidence has remained largely stable this month with only the Spending Index recording a moderate boost. However, the overall confidence index continues to lie well below its long run average and, with the economic outlook still challenging, confidence is likely to remain in the doldrums for some time yet.”

Consumer house price forecast

Report month	% change over next six months
Aug-10	-0.1
Sept-10	0.1
Oct-10	-0.9
Nov-10	-1.4
Dec-10	-0.9
Jan-11	-1.1
Feb-11	-1.1
Mar-11	-0.9
Apr-11	-1.1
May-11	-0.2
June-11	-0.3
July-11	-0.4
Aug-11	-1.3

For a full breakdown of historical data for the Nationwide Consumer Confidence Index since May 2004 visit:

www.nationwide.co.uk/consumer_confidence/data_download

To view the Nationwide House Price Index, including historical figures and reports, visit:

www.nationwide.co.uk/hpi

Media enquiries to:

- Paul Beadle, Senior Manager Media Relations, 01793 655189
paul.beadle@nationwide.co.uk
- Evelyn Turpin, Media Relations Officer, 01793 656215
evelyn.turpin@nationwide.co.uk

Nationwide CONSUMER CONFIDENCE INDEX



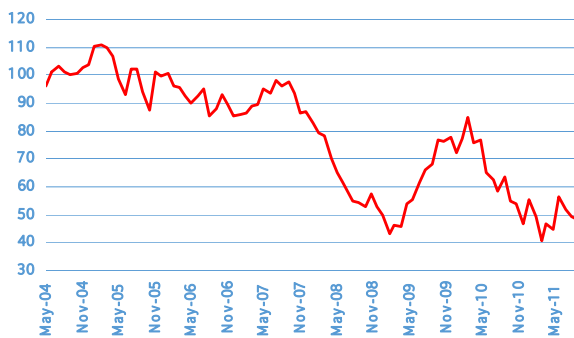
August 2011

www.nationwide.co.uk/consumer_confidence

Nationwide Consumer Confidence Index

The Nationwide Consumer Confidence Index fell by one point in August from 49 to 48 (research took place from 25 July 2011 to 21 August 2011).

Chart 1 - Nationwide Consumer Confidence Index

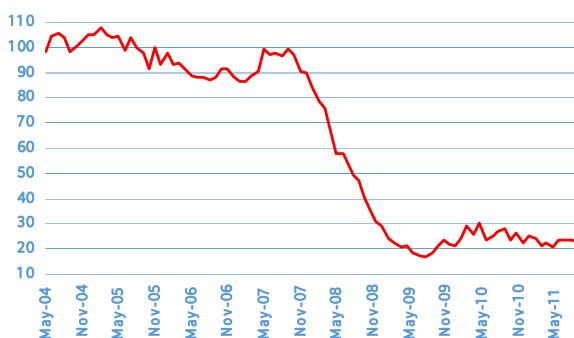


Sub-Indices

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 remained at 23 points in August. The proportion of consumers that believe the current economic situation is bad fell by two percentage points during the month to 68%. The percentage of consumers who believe there are many or some jobs available rose by one percentage point to 24% in August.

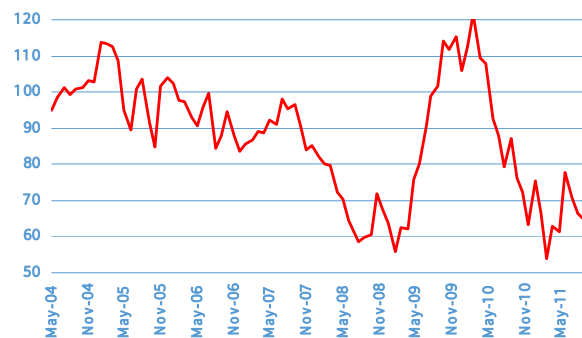
Chart 2 - Present Situation Index



Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index decreased by one point to 65 in August. The proportion of people who believe the economic situation will be worse than today in six months' time

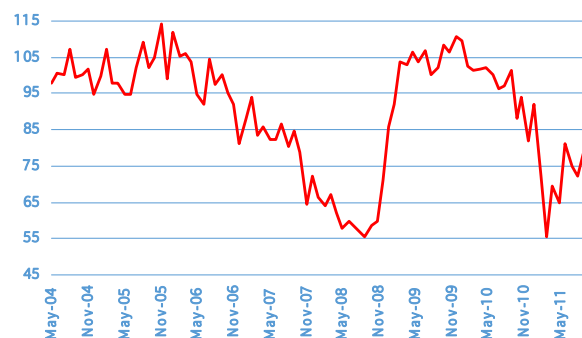
increased by five percentage points to 36% in August. The percentage of people who believe their household income will be higher in six months' time rose by one percentage point to 24%.

Chart 3 - Expectations Index



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index rose by seven points in August to 79. The percentage of consumers that believe now is a bad time to make a major purchase fell by four percentage points in August to 47%. The proportion of consumers who believe now is a good time to purchase household goods increased by two percentage points during August to 30%.

Chart 4 - Spending Index



The Nationwide Consumer Confidence Index:

The Nationwide Consumer Confidence Index (NCCI) 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.

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

Media enquiries to:

- Paul Beadle, Senior Manager Media Relations, 01793 655189
paul.beadle@nationwide.co.uk
- Evelyn Turpin, Media Relations Officer, 01793 656215
evelyn.turpin@nationwide.co.uk



Nationwide CONSUMER CONFIDENCE INDEX



August 2011

www.nationwide.co.uk/consumer_confidence

Nationwide Consumer Confidence Index (seasonally adjusted). May 2004 = 96

	2004	2010		2011										
	May	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Nationwide Consumer Confidence Index	96	64	55	54	47	55	50	41	47	45	56	52	49	48
Present Situation Index	98	28	23	26	22	25	24	21	22	20	24	24	23	23
Expectations Index	94	87	76	72	63	75	66	54	63	61	78	71	66	65
Spending Index	97	101	88	94	82	92	72	55	69	65	81	75	72	79

Consumer responses (non-seasonally adjusted)

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

UK Economic Situation - Current														
Good	45%	6%	6%	7%	7%	7%	6%	5%	5%	5%	8%	7%	7%	5%
Neither good nor bad	31%	30%	27%	28%	24%	29%	27%	20%	23%	25%	28%	27%	23%	25%
Bad	20%	62%	65%	64%	69%	63%	67%	75%	70%	69%	64%	66%	70%	68%
Don't know	4%	1%	1%	1%	1%	1%	1%	0%	1%	1%	1%	1%	1%	2%
UK Employment Situation - Current														
Many/some jobs available	66%	27%	25%	28%	22%	23%	24%	21%	22%	18%	24%	24%	23%	24%
Neither many nor few	10%	11%	12%	11%	13%	12%	11%	8%	8%	12%	9%	9%	8%	10%
Not many/few jobs available	20%	58%	60%	58%	64%	63%	63%	69%	68%	67%	64%	65%	66%	63%
Don't know	5%	3%	2%	3%	2%	3%	2%	2%	2%	2%	3%	2%	2%	4%

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

UK Economic Situation - six months' time														
Good	15%	26%	22%	23%	19%	21%	17%	14%	18%	18%	24%	19%	16%	16%
Neither good nor bad	50%	47%	46%	47%	42%	45%	44%	42%	41%	41%	48%	50%	50%	46%
Bad	30%	26%	31%	29%	38%	32%	36%	42%	38%	39%	26%	30%	31%	36%
Don't know	5%	2%	2%	2%	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%
UK Employment Situation - six months' time														
Many/some jobs available	57%	23%	20%	27%	19%	20%	22%	18%	19%	21%	25%	23%	21%	21%
Neither many nor few	17%	21%	20%	18%	19%	21%	20%	17%	16%	20%	18%	19%	20%	20%
Not many/few jobs available	21%	54%	58%	55%	62%	56%	58%	63%	63%	58%	56%	56%	57%	56%
Don't know	4%	2%	2%	1%	1%	2%	2%	1%	2%	2%	1%	2%	1%	3%
Household income - six months' time														
Higher	26%	12%	17%	14%	13%	15%	13%	13%	14%	15%	13%	13%	12%	13%
Same	65%	72%	65%	67%	65%	66%	66%	66%	65%	65%	71%	69%	67%	66%
Lower	9%	15%	16%	19%	20%	17%	19%	20%	20%	19%	15%	15%	20%	19%
Don't know	1%	1%	2%	1%	2%	2%	2%	1%	1%	1%	2%	2%	2%	2%

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%	30%	25%	27%	22%	25%	22%	17%	23%	20%	27%	25%	23%	24%
Neither good nor bad	27%	31%	31%	31%	31%	28%	25%	28%	25%	30%	28%	27%	24%	26%
Bad time to buy	45%	38%	43%	40%	44%	46%	51%	54%	51%	47%	45%	46%	51%	47%
Don't know	1%	2%	2%	2%	3%	1%	2%	1%	1%	3%	1%	2%	2%	3%

Media enquiries to:

- Paul Beadle, Senior Manager Media Relations, 01793 655189
paul.beadle@nationwide.co.uk
- Evelyn Turpin, Media Relations Officer, 01793 656215
evelyn.turpin@nationwide.co.uk

Nationwide CONSUMER CONFIDENCE INDEX



www.nationwide.co.uk/consumer_confidence

August 2011

Spending confidence – Household goods e.g. white/brown goods														
Good time to buy	58%	40%	35%	35%	31%	43%	35%	21%	23%	24%	30%	27%	28%	30%
Neither good nor bad	33%	46%	50%	51%	51%	41%	40%	51%	51%	52%	51%	51%	47%	48%
Bad time to buy	7%	12%	12%	13%	16%	15%	22%	26%	22%	22%	18%	20%	22%	19%
Don't know	1%	2%	2%	2%	2%	1%	2%	3%	3%	2%	1%	2%	3%	3%

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		2011											
	May	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Nationwide Consumer Confidence Index	100	61	56	58	47	53	47	39	46	45	60	53	48	46
Present Situation Index	100	27	26	29	23	24	24	19	21	19	25	25	23	22
Expectations Index	100	84	76	78	63	73	63	53	62	63	83	73	64	62
Spending Index	100	100	88	92	80	88	74	56	69	68	83	78	71	77

Note to editors

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For August, the TNS-RI research for Nationwide took place from 25 July 2011 to 21 August 2011 with 1,000 people.



Media enquiries to:

- Paul Beadle, Senior Manager Media Relations, 01793 655189
paul.beadle@nationwide.co.uk
- Evelyn Turpin, Media Relations Officer, 01793 656215
evelyn.turpin@nationwide.co.uk

