



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

September 2008

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 8 OCTOBER 2008*****

"Consumer Confidence falls"

CONSUMER CONFIDENCE FALLS THREE POINTS

- Nationwide Consumer Confidence Index level dropped to 50 in September.
- The biggest shift was in the Present Situation Index, which fell seven points to 39.

CONSUMERS PESSIMISTIC ABOUT THE CURRENT ECONOMIC SITUATION

- Two thirds (66%) of consumers think that the current economic situation is bad, which is up five percentage points from 61% in July.

CONSUMERS MORE OPTIMISTIC ABOUT THE FUTURE ECONOMY

- While more consumers feel bad about the present, they are beginning to feel that things are less likely to be worse in six months time.
- The percentage of those believing that the economic situation will be worse than today in six months time, decreased from 57% in August to 53% in September.

VIEWS ON CURRENT AND FUTURE EMPLOYMENT WORSEN

- Of those questioned, over a third (35%) believe there are not many jobs available today. This is up from 31% in the previous month.
- Almost half (48%) think that there will not be many jobs available in six months time.

FIONNUALA EARLEY, NATIONWIDE'S CHIEF ECONOMIST, SAID:

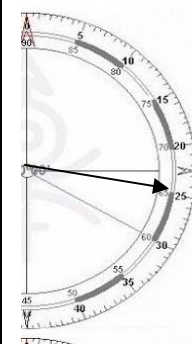
"Consumers have been adjusting the way they feel about the current economic and employment situation since July and this continues to be the main driver behind the drop in overall confidence in September. While consumers recognise that there are some good deals available, rising unemployment, falling house prices and the continued turmoil in the financial markets are likely to mean that confidence will take some time to recover."

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

<i>No change</i>	10%
<i>0.25% down</i>	60%
<i>0.50% down</i>	30%

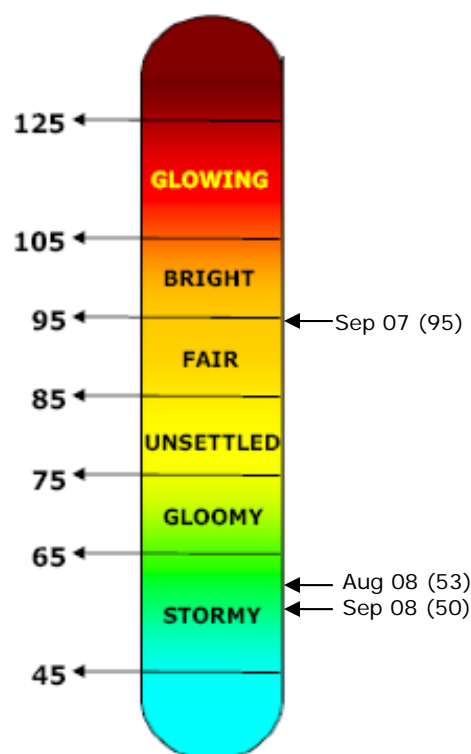
SEPTEMBER CONSUMER CONFIDENCE

"Consumer Confidence ticked down three points in September"



Down three points

NATIONWIDE CONFIDENCE BAROMETER





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Consumer Confidence dampened in cooler climate

Consumer Confidence falls three points in September

Following a two month period of stability, the Nationwide Consumer Confidence Index dropped three points to 50 in September. Ongoing economic uncertainty, a further fall in house prices, rising unemployment and the impact of high food and fuel costs may have contributed to the drop in confidence.

The Present Situation Index fell seven points to 39 during the month, reflecting the gloom about the current state of the economy. However, the Expectations Index and the Spending Index remained flat in September, perhaps suggesting that consumers do not think that things will continue to deteriorate at the current pace.

	September 2008	August 2008
Nationwide Consumer Confidence Index	50	53
- Present Situation Index	39	46
- Expectations Index	58	58
- Spending Index	52	52

Note: Seasonally adjusted

Fionnuala Earley, Nationwide's chief economist said:

"Consumers have been adjusting the way they feel about the current economic and employment situation since July and this continues to be the main driver behind the drop in overall confidence in September. While consumers recognise that there are some good deals available, rising unemployment, falling house prices and the continued turmoil in the financial markets are likely to mean that confidence will take some time to recover."

Consumers downcast about current economy

Consumers have become more pessimistic about the current economic and employment situation since the start of the year. Two thirds (66%) of those questioned believe the current economic situation is bad. Just under a quarter (23%) of consumers think that the economic situation today is normal and only one in ten (10%) believe it to be good.

People are more hopeful when considering the future economy

Consumers appear to be more optimistic about the future economic situation in September, with one in seven (14%) believing that the economy will be better in six months time, compared to 12% at the same time last year. However, the stabilisation in expectations of the future economy is likely to be a reflection of worsening conditions now. 44% of consumers believe the economic situation will be the same or better in six months time increasing from 39% the previous month. Those that believe the economy will be worse in six months time decreased from 57% in August to 53% in September. Consumers may be beginning to feel that things are unlikely to continue to deteriorate at the same pace over the next six months.

Consumers are less content with the labour market but more willing to spend

Consumers' feelings about the current and future employment situation deteriorated further in September, which is likely to be fuelled by reports of rising unemployment. Over a third (35%) believe there are not many jobs available today, up four percentage points from 31% in August. Nearly half (48%) think that there will be few jobs available in six months time. Yet consumers are more optimistic about making purchases, with around one in five (18%) believing now is a good time to purchase major goods, such as a house or a car, up from 14% last month. This is likely to reflect the fact that consumers recognise prices are falling and there are some good deals available. However, as almost two thirds (64%) think it's a bad time to buy a house or a car it seems unlikely that there will be much increase in purchase activity.

Expectations about house price growth over the next six months dropped marginally, consumers now expect prices to fall by 4.9% over the next six months, compared with 4.6% in August.



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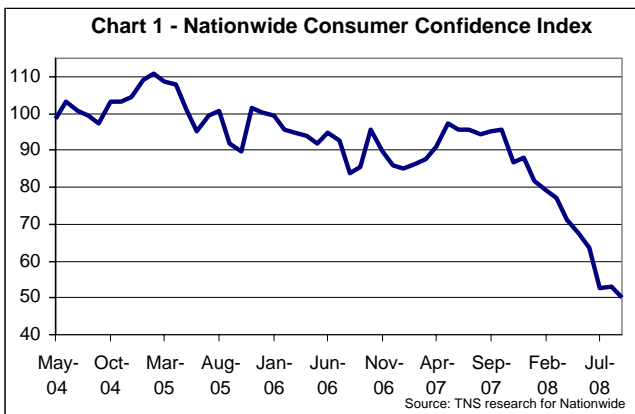
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Nationwide Consumer Confidence Index

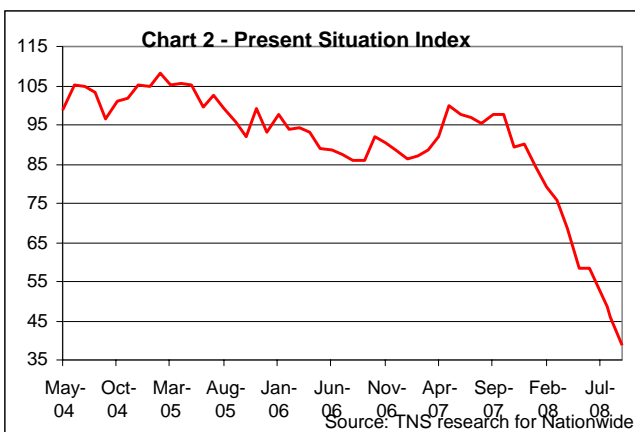
The Nationwide Consumer Confidence Index dropped by three points in September from 53 to 50 (research took place from 18 August to 21 September 2008).



Sub-Indices

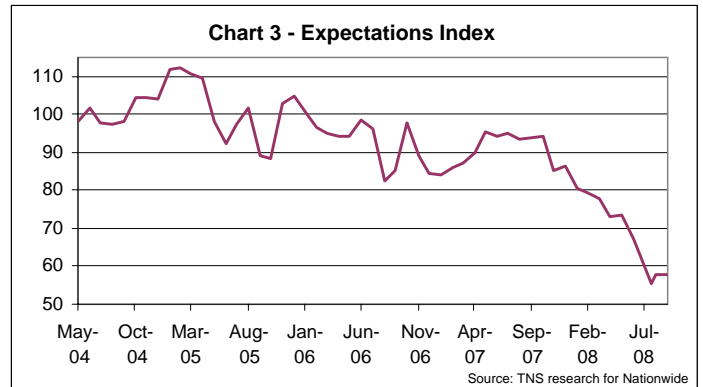
In addition to the main Consumer Confidence Index, Nationwide Building Society compiles three other indices: Present Situation Index, Expectations Index and Spending Index.

Present Situation Index (Chart 2): reflects sentiment about the current economic and employment situation. This Index dropped seven points in September to 39. 66% of consumers believe that the current economic situation is bad compared to only 16% at the same time last year. The number of consumers who think there are now not many or few jobs available rose marginally from 31% in August to 35% in September.

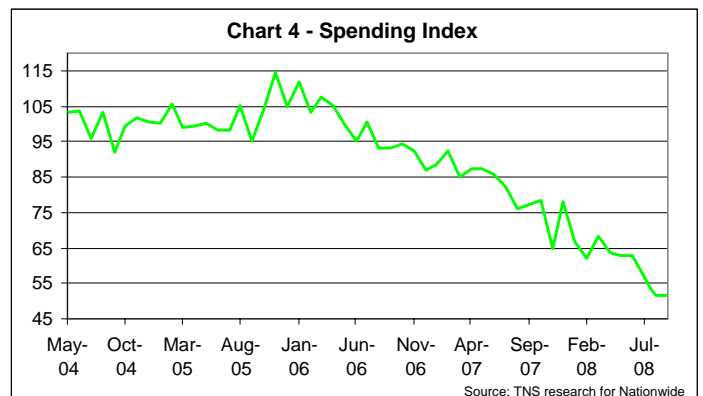


Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index remained unchanged from the previous month at 58. 53% of consumers believe that the economy will be worse in six months time compared to 57% in August and 28% at the same time last year. People are less confident about the future employment situation with 48% believing there will be few jobs available in six months

time compared to 47% in August and 23% at this time last year.



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The spending index remained unchanged from the previous month at 52. Consumers are more confident about making a major purchase with 18% believing now is a good time to buy compared to 14% in August and 17% this time last year. Over a quarter of consumers (26%) think now is a good time to buy household goods.



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 September, the TNS research for Nationwide took place from 18 August to 21 September 2008 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 5 November.

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



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Nationwide Consumer Confidence Index (seasonally adjusted). May 2004 = 98.

	2004 May	2007 Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	2008 Sept
Nationwide Consumer Confidence Index	98	95	96	87	88	82	79	77	71	67	64	53	53	50
Present Situation Index	99	98	98	89	90	84	79	76	69	58	58	49	46	39
Expectations Index	98	94	94	85	86	80	79	78	73	73	67	55	58	58
Spending Index	103	77	78	65	78	67	62	69	64	63	63	53	52	52

Consumer responses (non-seasonally adjusted)*

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

UK Economic Situation - Current

- Good	45%	45%	35%	34%	33%	31%	25%	25%	17%	14%	14%	11%	9%	10%
- Normal	31%	38%	46%	42%	40%	41%	39%	41%	42%	32%	32%	26%	25%	23%
- Bad	20%	16%	18%	21%	24%	25%	34%	32%	39%	52%	52%	61%	65%	66%
- Don't know	4%	2%	2%	3%	2%	3%	2%	3%	2%	2%	1%	1%	1%	1%

UK Employment Situation - Current

- Many/Some jobs available	66%	60%	61%	55%	54%	52%	53%	49%	47%	51%	50%	41%	39%	37%
- Neither many nor few available	10%	14%	18%	16%	17%	18%	18%	21%	23%	19%	19%	25%	22%	20%
- Not many/few jobs available	20%	19%	16%	23%	21%	24%	23%	24%	25%	24%	25%	28%	31%	35%
- Don't know	5%	6%	6%	7%	8%	5%	6%	6%	6%	7%	5%	6%	8%	7%

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

UK Economic Situation - 6 months time

- Better than today	15%	12%	14%	11%	12%	12%	13%	14%	12%	15%	12%	11%	11%	14%
- Same	50%	55%	50%	47%	41%	39%	36%	40%	37%	33%	32%	25%	28%	30%
- Worse than today	30%	28%	31%	36%	42%	44%	46%	43%	45%	46%	53%	60%	57%	53%
- Don't know	5%	6%	6%	6%	5%	5%	5%	4%	5%	5%	3%	3%	4%	3%

UK Employment Situation - 6 months time

- Many/Some jobs available	57%	46%	44%	42%	44%	36%	39%	38%	32%	35%	37%	28%	28%	25%
- Neither many or few available	17%	25%	30%	25%	26%	26%	25%	25%	32%	25%	26%	26%	21%	21%
- Not many/few jobs available	21%	23%	21%	27%	24%	32%	31%	31%	30%	31%	34%	42%	47%	48%
- Don't know	4%	6%	5%	6%	6%	6%	6%	6%	5%	8%	3%	4%	4%	5%

Household income - 6 months time

- Higher	26%	26%	27%	26%	28%	27%	24%	25%	24%	21%	16%	17%	17%	16%
- Same	65%	64%	62%	63%	60%	61%	63%	61%	62%	62%	69%	65%	66%	68%
- Lower	9%	7%	9%	9%	11%	10%	11%	12%	13%	15%	14%	16%	16%	14%
- Don't know	1%	3%	2%	2%	1%	1%	1%	3%	1%	2%	1%	2%	1%	3%

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%	17%	14%	10%	16%	13%	11%	14%	15%	14%	18%	17%	14%	18%
- Neither good nor bad	27%	33%	34%	28%	24%	27%	31%	27%	23%	19%	19%	18%	16%	16%
- Bad time to buy	45%	48%	51%	57%	58%	58%	55%	56%	60%	65%	61%	64%	68%	64%
- Don't know	1%	2%	1%	4%	2%	2%	3%	3%	2%	2%	2%	1%	2%	2%

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

- Good time to buy	58%	41%	40%	35%	35%	44%	36%	33%	27%	29%	28%	25%	28%	26%
- Neither good nor bad	33%	49%	50%	49%	48%	40%	49%	52%	56%	50%	49%	51%	46%	49%
- Bad time to buy	7%	5%	6%	11%	14%	11%	12%	11%	12%	16%	20%	21%	23%	21%
- Don't know	1%	5%	3%	5%	3%	4%	3%	3%	5%	4%	3%	3%	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	2007 Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	2008 Sept
Nationwide Consumer Confidence Index	100	99	98	86	85	81	78	77	70	69	63	53	52	53
Present Situation Index	100	102	99	91	88	83	76	74	65	60	59	50	46	43
Expectations Index	100	96	97	83	83	79	79	79	74	75	66	56	56	60
Spending Index	100	85	77	63	68	68	64	67	65	60	63	56	54	59

Note to editors:

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For September, the TNS research for Nationwide took place from 18 August to 21 September 2008 with 1,000 people. NFO, now part of TNS, has worked with The US Conference Board since the inception of its consumer confidence index in 1967.

