



**Nationwide Consumer Confidence Index in partnership with TNS**



[www.nationwide.co.uk/consumer\\_confidence](http://www.nationwide.co.uk/consumer_confidence)

**February 2009**

**\*\*\*STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 4 MARCH 2009\*\*\***

### "Confidence rises in February"

#### CONSUMER CONFIDENCE RISES

- The Consumer Confidence Index increased to 43 in February, up from 41 in January.
- The Expectations and Spending indices also increased to 57 and 92 respectively in February.
- The only index to fall during the month was the Present Situation Index, which fell from 24 in January to 22 in February.

#### SENTIMENT ABOUT THE PRESENT SITUATION WEAKENS...

- Consumers remain gloomy about the current economic and employment situation this month. Well over three quarters (86%) believe the current economic situation to be bad, compared to 82% in January.
- Two thirds (64%) believe there are now few jobs available, compared with one third (31%) six months ago.

#### ...BUT CONSUMERS ARE LOOKING TO THE FUTURE

- A greater number believe economic conditions will be better in six months time (19%), compared to January (17%).

#### SPENDING CONFIDENCE RESILIENT

- Only 16% think that now is a bad time to buy goods, like fridges and hi-fis.
- Consumers have also become more comfortable with major purchases.

#### FIONNUALA EARLEY, NATIONWIDE'S CHIEF ECONOMIST, SAID:

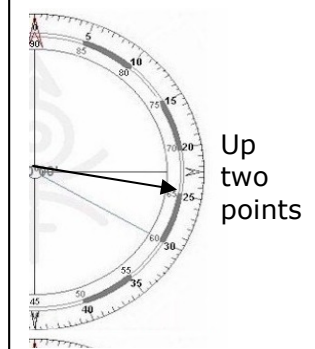
"Consumers' views about the current economic and labour market conditions are in line with the recessionary climate in the UK. However, their increased optimism about the future is encouraging. Spending confidence continues to be resilient, which could reflect the effect of sharp falls in interest rates on consumers' disposable incomes, but is also likely to reflect significant discounts available."

#### NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

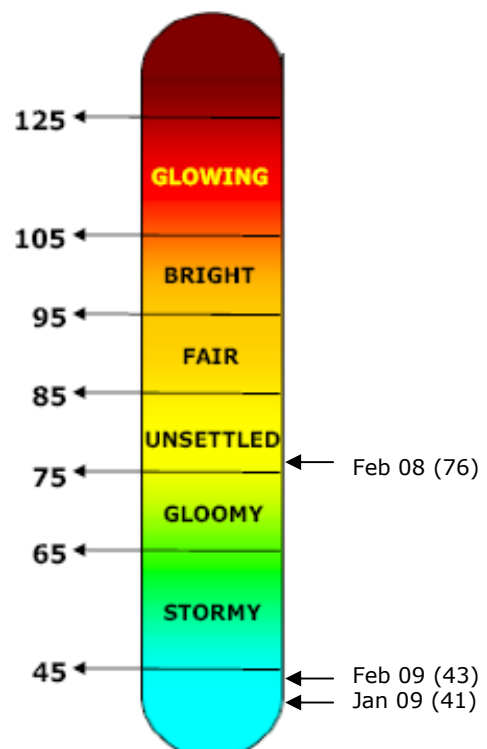
<b>1.00% down</b>	<b>5%</b>
<b>0.75% down</b>	<b>5%</b>
<b>0.50% down</b>	<b>60%</b>
<b>0.25% down</b>	<b>15%</b>
<b>No change</b>	<b>15%</b>

#### FEBRUARY CONSUMER CONFIDENCE

"Consumer confidence increased two points in February"



#### NATIONWIDE CONFIDENCE BAROMETER





\*\*\*STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 4 MARCH 2009\*\*\*

## Small spring in step for consumer confidence

### Consumer confidence rises two points in February

The Nationwide Consumer Confidence Index recorded its first rise since October 2008 in February. Despite the weakening economic conditions, the index increased from 41 in January to 43 in February.

Consumers became more optimistic about the future economic and labour market conditions during the month and this has been the main reason for the rise in overall confidence in February.

	February 2009	January 2009
Nationwide Consumer Confidence Index	43	41
- Present Situation Index	22	24
- Expectations Index	57	52
- Spending Index	92	85

Note: Seasonally adjusted

In contrast, the spate of bad economic news and reported job losses in major industries may have dampened consumers' perceptions of where we are now. Confidence in the present situation dropped for the eighth consecutive month in February, leaving the index at 22, less than a third of its level last year.

Consumers' feelings about spending, particularly on household goods, continue to be resilient. Only 16% think that now is a bad time to buy goods like fridges and hi-fis, which could be a reflection on the significant discounts available. In addition, more consumers think it's a good time to make a major purchase. Falling house prices and bigger discounts on new cars may well have affected this, but it remains to be seen how quickly this sentiment will lead to larger numbers of transactions given the current economic conditions.

### Fionnuala Earley, Nationwide's chief economist, said:

"Consumers' views about the current economic and labour market conditions are in line with the recessionary climate in the UK. However, their increased optimism about the future is encouraging. Spending confidence continues to be resilient, which could reflect the effect of sharp falls in interest rates on consumers' disposable incomes, but is also likely to reflect significant discounts available."

### Confidence in the current labour market waning...

Reports of large numbers of job losses are likely to have affected views about the current labour market situation. Two thirds (64%) now think there are few jobs available compared with one third (31%) only six months ago.

### ...but increasing optimism about future economic conditions

A greater proportion of consumers think economic conditions will be better in six months (19%), compared to January (17%) and a year ago (13%). While this does reflect the fact that the economy weakened sharply during 2008, it suggests consumers are looking for some light at the end of the tunnel.

Expectations about house price falls over the next six months moderated in February. Consumers now expect prices to fall by 4.7% over the next six months, compared with 6.2% in January. The trend in house price expectations shows a slowing in the rate at which consumers think prices will fall, which may reflect their increased optimism about the future economic situation.

Enquiries to: Rachel Jensen, 01793 657225, [rachel.jensen@nationwide.co.uk](mailto:rachel.jensen@nationwide.co.uk)



# Nationwide Consumer Confidence Index in partnership with TNS



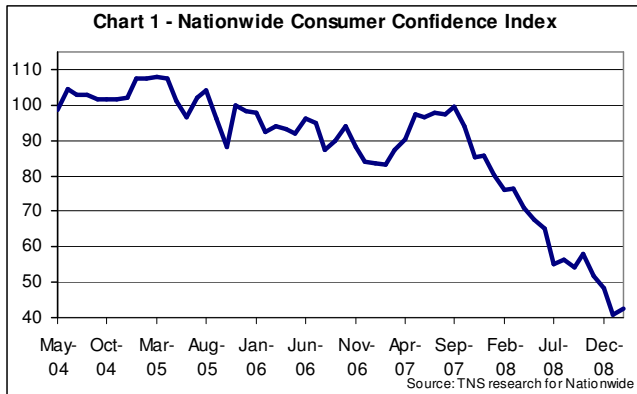
[www.nationwide.co.uk/consumer\\_confidence](http://www.nationwide.co.uk/consumer_confidence)

February 2009

**\*\*\*STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 4 MARCH 2009\*\*\***

## Nationwide Consumer Confidence Index

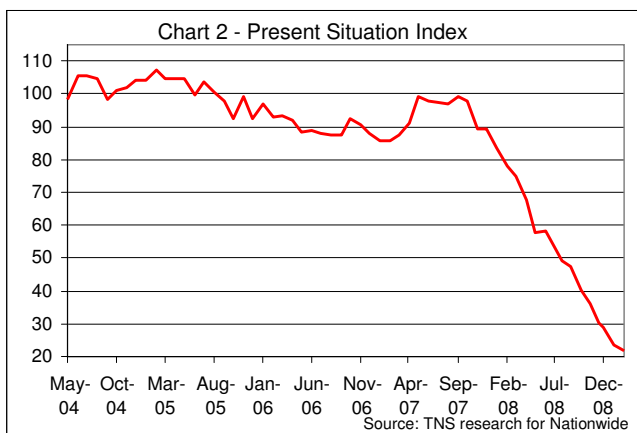
The Nationwide Consumer Confidence Index increased by two points in February from 41 to 43 (research took place from 19 January 2009 to 15 February 2009).



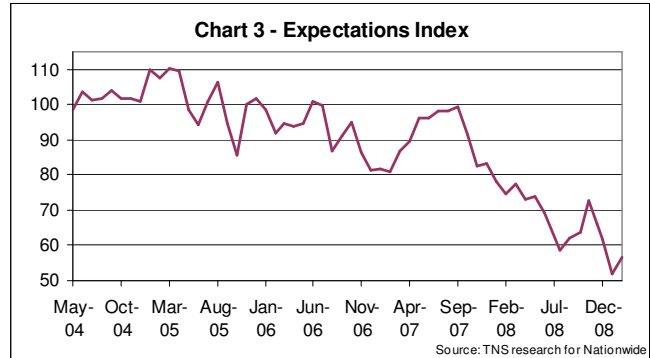
## Sub-Indices

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

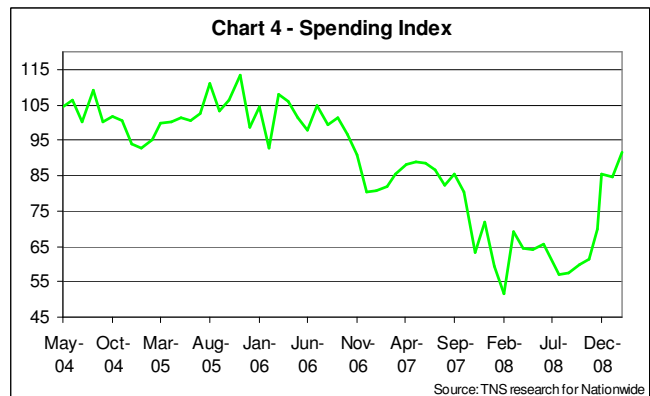
**Present Situation Index** (Chart 2): reflects sentiment about the current economic and employment situation. This Index dropped two points in February to 22. 2% of consumers believe that the current economic situation is good compared to 8% last month. The number of consumers who believe there are now few jobs available rose from 61% in January to 64% in February.



**Expectations Index** (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index increased from 52 in January to 57 in February. 43% of consumers believe that the economy will be worse in six months time compared to 53% in January. People are more confident about the future employment situation, with 18% believing there will be many or some jobs available in six months time compared to 15% in January.



**Spending Index** (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index increased seven points in February to 92. The number of consumers that believe now is a bad time to buy a major purchase fell from 51% in January to 41% in February. The number of consumers that believe it is a bad time to buy household goods remained consistent at 16% in February.



## 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 February, the TNS research for Nationwide took place from 19 January 2009 to 15 February 2009 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 8 April.**

**For past reports and methodology see: [www.nationwide.co.uk/consumer\\_confidence](http://www.nationwide.co.uk/consumer_confidence)**





**Nationwide Consumer Confidence Index in partnership with TNS**



[www.nationwide.co.uk/consumer\\_confidence](http://www.nationwide.co.uk/consumer_confidence)

**February 2009**

**\*\*\*STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 4 MARCH 2009\*\*\***

**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	2008 Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	2009 Feb
<b>Nationwide Consumer Confidence Index</b>	100	78	77	70	69	63	53	52	53	62	53	48	41	45
<b>Present Situation Index</b>	100	76	74	65	60	59	50	46	43	37	32	28	24	20
<b>Expectations Index</b>	100	79	79	74	75	66	56	56	60	78	67	61	52	61
<b>Spending Index</b>	100	64	67	65	60	63	56	54	59	58	69	82	94	104

**Note to editors:**

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For February, the TNS research for Nationwide took place from 19 January 2009 to 15 February 2009 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.

