

Nationwide SAVINGS INDEX



A comprehensive monthly insight into the behaviours of individual savers across the UK.

www.nationwide.co.uk/savingsindex

9 November 2009

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Savings Index at its highest since December 2008

Opinions of the current savings environment continue to improve

- **Savings Index*** rises again
- **Savings environment** picks up, but there is room for more improvement
- ...despite some optimism, **caution remains**

	Oct 2009	Sep 2009
SAVINGS INDEX	90 (+3)	87
Importance of Savings Index	88 (-3)	91
Savings Environment Index	85 (+8)	77
Future Savings Index	119 (-2)	121

SAVINGS INDEX RISES AGAIN

- Following its resurgence in the previous month, the **Savings Index** rose by another three points to reach its highest level since December 2008.
- The rise in the Savings Index was as a result of the improvement in the savings environment.
- The **Savings Environment Index** increased by eight points to 85 – its highest level since December 2008.
- Fewer people are not saving at all (22%, a decrease of 2%).

Andy Hutchinson, head of savings at Nationwide, says: “The sharp rise in the Savings Environment Index could have been as a result of the ISA changes for the over-50s, which came into effect in early October. We know eligible savers have reacted positively to the increased annual ISA limit as our exclusive 50+ three year Fixed Rate ISA Bond has attracted more savings than we had expected.”

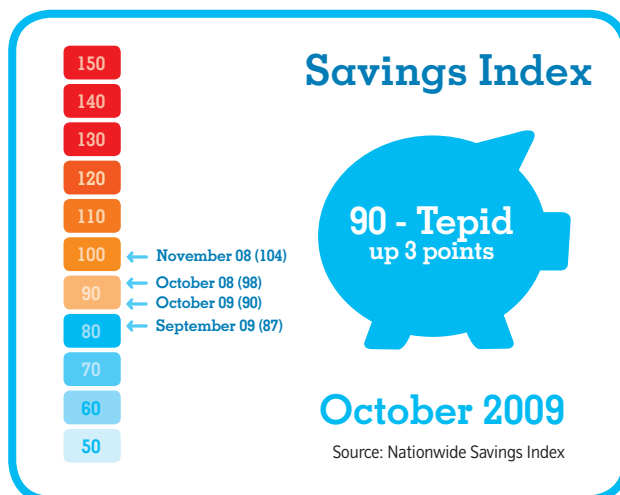
SAVINGS ENVIRONMENT PICKS UP, BUT THERE IS ROOM FOR MORE IMPROVEMENT

- The situation has improved, but there are still more people (43%, a decrease of 5%) who believe the Government discourages people to save than encourages (20%, an increase of 3%).

Andy Hutchinson says: “It’s encouraging that the savings environment has improved somewhat and we fully welcome the recent ISA changes. However, we believe more could be done, such as increasing the cash ISA limit to match that of stocks and shares and ensuring the annual limit is linked to inflation. By doing so, more people may believe government policy encourages them to save.”

...DESPITE SOME OPTIMISM, CAUTION REMAINS

- Both the **Importance of Savings** and **Future Savings Index** indices fell slightly, though the latter is comfortably higher than any other month, bar September 2009.
- More people (20%, an increase of 3%) believe they will be saving less in six months’ time than they do now.



Andy Hutchinson, head of savings at Nationwide, says:

“Despite there being some evidence to believe that overall confidence in the UK economy is returning, caution should remain. Over the first eight months of 2009, growth in household savings is down by 65% compared to the same period in 2008. While it is likely that households are saving elsewhere, such as equity investments or choosing to pay down debt, households are still finding it difficult to save in these challenging market conditions.”

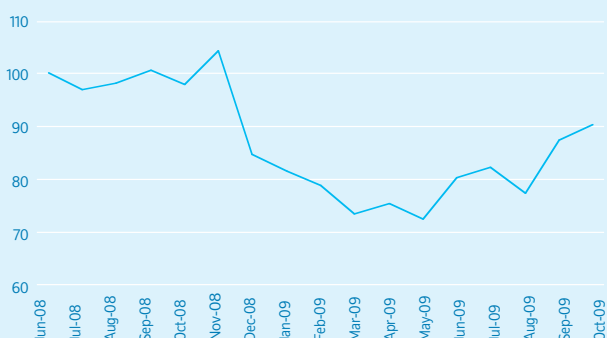
“Furthermore, recent economic data suggests that the UK is in its longest recession since records began, so any obstacles to market recovery could have a negative impact on next month’s savings indices, particularly Future Savings and Savings Environment. With the difficult economic environment ever present, saving for a rainy day remains important.”

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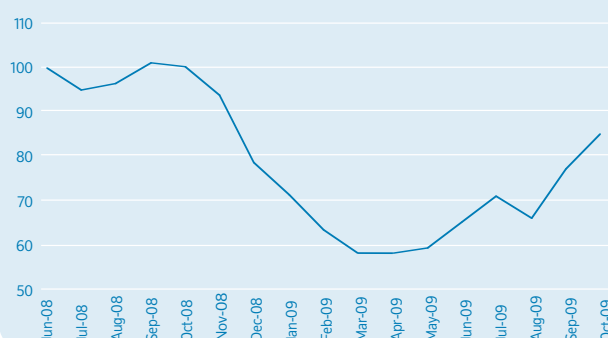
Index	Savings Index	Importance of Savings Index	Savings Environment Index	Future Savings Index
Jun-08	100	100	100	100
Jul-08	97	106	95	94
Aug-08	98	99	97	87
Sep-08	101	105	101	95
Oct-08	98	104	100	91
Nov-08	104	105	94	84
Dec-08	84	94	78	96
Jan-09	81	90	71	97
Feb-09	79	80	63	105
Mar-09	73	76	58	104
Apr-09	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

Chart 1. Nationwide Savings Index



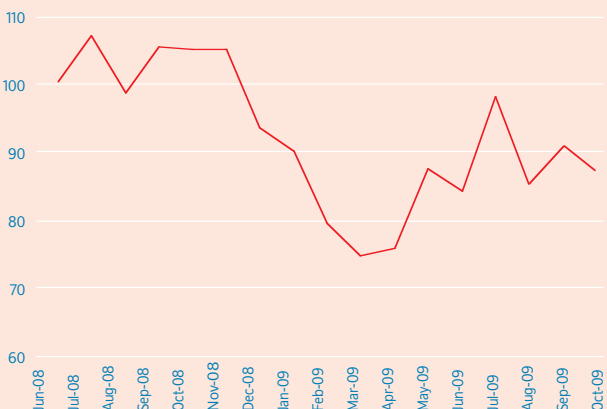
The Savings Index (principal index): made up of consumer opinion about the frequency of saving, current feelings about their current levels of saving, whether it's a good time to save given the external environment and thoughts on government policy.
Source: TNS research for Nationwide

Chart 3. Savings Environment Index



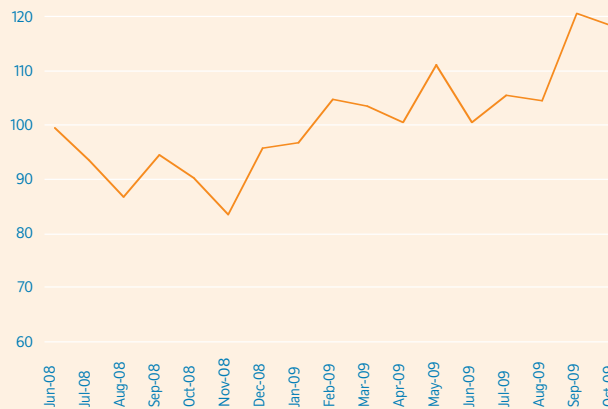
The Savings Environment Index (sub index): made up of consumer opinion about whether it's a good time to save given the economic environment and whether government policy encourages people to save.
Source: TNS research for Nationwide

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 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 research for Nationwide

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Note to editors:

Nationwide's Savings Index is based on a monthly survey representative of the UK population. For October, the TNS research for Nationwide took place from 21 September 2009 to 18 October 2009 with 1,000 people.

*The Nationwide Savings Index began on 19 May 2008.

**The Savings Index is made up of one main index and three sub-indices.

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