



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

September 2009

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 7 OCTOBER 2009*****

"Confidence rises in September"

CONSUMER CONFIDENCE INCREASES

- Consumer confidence rose by six points to 71 in September.
- The Expectations Index increased by nine points to 106 in September.
- The Spending and Present Situation indices increased to 102 and 19 respectively in September.

CONSUMERS POSITIVE ABOUT THE FUTURE

- At 39%, the percentage of consumers who think the economic situation in six months' time will be better than it is today reached its highest level since the Index began (May 2004).
- Views about the future employment situation also continued to improve.

PRESENT SITUATION CONFIDENCE GROWS

- The percentage of those who believe the current economic situation to be bad dropped by three points in September to 69%.
- 23% believe there are currently many jobs available – up from 18% in August.

MARK SADDLETON, HEAD OF ECONOMIC & MARKET ANALYSIS, SAID:

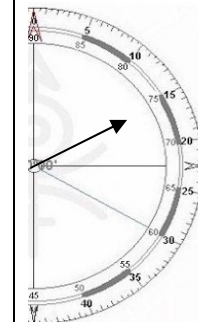
"September saw a much stronger increase in overall confidence compared with recent months and the Index is now at its highest level since April 2008. Expectations for the future economic situation are also buoyant, with pessimism about the labour market situation starting to decrease. The substantial rise in positive sentiment seen in the Expectations Index reflects widespread reports from various industry commentators recently suggesting that the worst of the recession is over. Such reports may have helped to improve sentiment in September, which may have also been boosted by continued positive news about the housing market and the strong rally seen in the equity markets in recent months. However, consumers' assessment of the present situation is still fairly downbeat and, while they do appear to be optimistic for the future, it is likely that any recovery will continue to be sluggish as consumers adapt to the economic environment."

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

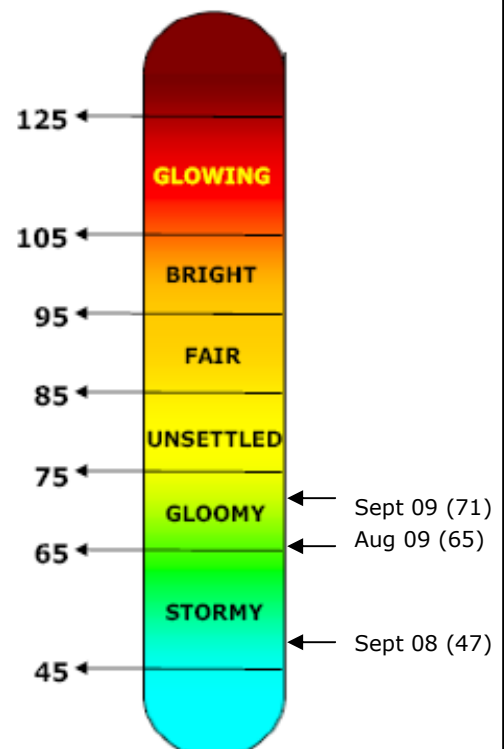
No change	95%
0.25% up	5%

SEPTEMBER CONSUMER CONFIDENCE

"Consumer confidence increased by six points in September."



NATIONWIDE CONFIDENCE BAROMETER





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Confidence continues to improve in September

Consumer confidence rises

The Nationwide Consumer Confidence Index rose by six points in September, increasing to 71 from 65 in August. The Index is now 24 points higher than it was a year ago.

All the sub-indices recorded a rise this month, with the Expectations Index increasing by nine points to 106 – its highest level since December 2005. While the Present Situation Index remains close to historically low levels, there was a small increase of two points from 17 to 19. Likewise, the Spending Index continues to improve following a dip in July, and rose by three points in September to 102.

	September 2009	August 2009
Nationwide Consumer Confidence Index	71	65
- Present Situation Index	19	17
- Expectations Index	106	97
- Spending Index	102	99

Note: seasonally adjusted

Mark Saddleton, Nationwide’s head of economic and market analysis, said:

“September saw a much stronger increase in overall confidence compared with recent months and the Index is now at its highest level since April 2008. Expectations for the future economic situation are also buoyant, with pessimism about the labour market situation starting to decrease. The substantial rise in positive sentiment seen in the Expectations Index reflects widespread reports from various industry commentators recently suggesting that the worst of the recession is over. Such reports may have helped to improve sentiment in September, which may have also been boosted by continued positive news about the housing market and the strong rally seen in the equity markets in recent months. However, consumers’ assessment of the present situation is still fairly downbeat and, while they do appear to be optimistic for the future, it is likely that any recovery will continue to be sluggish as consumers adapt to the economic environment.”

Consumers are feeling positive about the future....

Expectations about the economic and employment situation in six months’ time continued to strengthen in September as consumers remain confident that conditions will improve in the future. At 39%, the percentage of consumers who think the economic situation in six months’ time will be better than it is today reached its highest level since the Index began (May 2004), and is now 22 points higher than at the start of the year (17%). Likewise, the percentage of people questioned who think the economic situation will be worse than today dropped by three points to 18% – the lowest it has been since March 2005 (18%). Views about the future employment situation also continued to improve with 27% of people believing there will be more jobs available in six months’ time. This compares to the low of 15% seen at the start of the year, and is now at a similar level to that seen a year ago in September 2008 (25%).

...and confidence slowly grows in the present situation

Consumers clearly remain concerned about the current economic situation, however, the percentage of those who believe it to be bad dropped by three points in September to 69%. This compares to a high of 86% seen in February 2009. September also saw confidence grow in the current employment situation with an increase of five points to 23% for those who believe there are currently a large number or some jobs available. However, two thirds (66%) still believe that there are currently not many or few jobs available – a drop of 5% from the August figure (71%) but 31% higher than September 2008 (35%).

Attitudes towards spending also improve

The percentage of those who believe now is a good time to make a major purchase increased by six points during the month from 33% in August to 39%. Likewise, there was an increase from 39% to 42% in people who believe now is a good time to buy white goods. Both had seen falls in August.

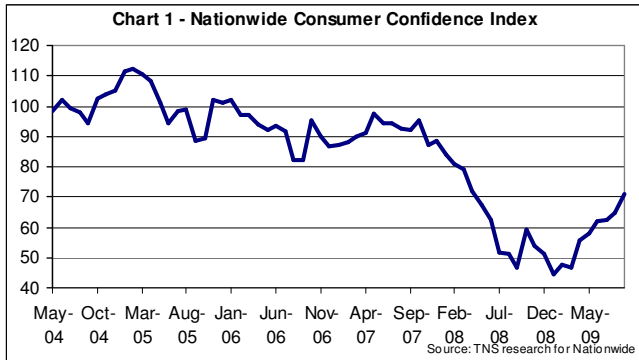
Expectations about house price rises over the next six months improved in September. Consumers now expect the value of their home to increase by 1.2% over the next six months, compared with 0.2% in August.



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Nationwide Consumer Confidence Index

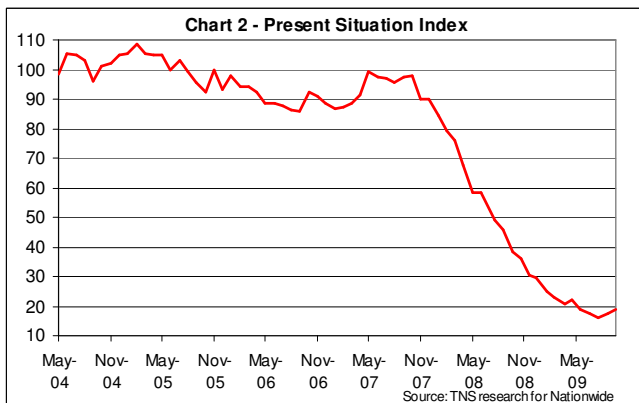
The Nationwide Consumer Confidence Index increased by six points in September from 65 to 71 (research took place from 24 August 2009 to 20 September 2009).



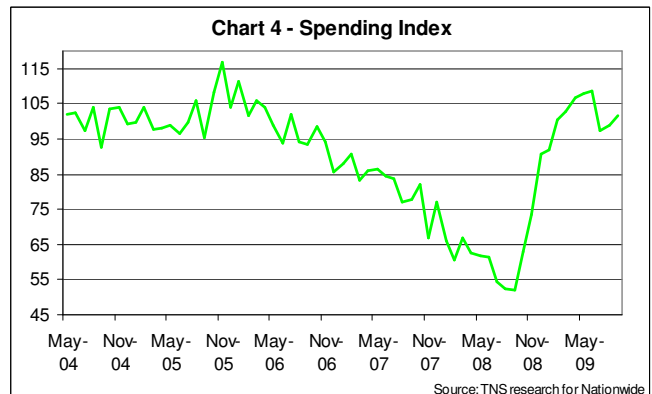
Sub-Indices

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 increased by two points in September to 19. The proportion of consumers who believe the current economic situation is bad decreased by three percentage points on the previous month to 69%. The number of consumers who believe there are now few jobs available fell from 71% in August to 66% in September.



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index increased by three points in September. The number of consumers that believe now is a good time to make a major purchase increased by 6% to 39% in September. The number of consumers who believe now is a good time to purchase household goods increased to 42% from 39%.



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 24 August 2009 to 20 September 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.

Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index increased by nine points to 106 in September. Over a third (39%) of people believe the economic situation will be better in six months' time, an increase of five percentage points from August. The percentage of people who believe there will be few jobs available in six months' time fell by six percentage points, from 56% in August to 50% in September.

Next monthly Nationwide Consumer Confidence Index scheduled for release at: 00.01hrs on 4 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	2008 Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
Nationwide Consumer Confidence Index	98	47	59	54	51	45	48	47	56	58	62	63	65	71
Present Situation Index	99	38	36	31	30	25	23	21	22	19	18	16	17	19
Expectations Index	98	53	75	69	66	58	64	64	78	84	92	93	97	106
Spending Index	102	52	63	73	91	92	100	103	107	108	109	97	99	102

Consumer responses (non-seasonally adjusted)**

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

UK Economic Situation - Current

- Good	45%	10%	8%	9%	9%	8%	2%	5%	5%	6%	4%	6%	5%	7%
- Neither good nor bad	31%	23%	16%	15%	15%	11%	11%	12%	15%	15%	18%	17%	22%	23%
- Bad	20%	66%	75%	76%	75%	82%	86%	83%	80%	77%	76%	75%	72%	69%
- Don't know	4%	1%	1%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%	1%

UK Employment Situation - Current

- Many/Some jobs available	66%	37%	37%	30%	26%	23%	23%	21%	20%	20%	19%	16%	18%	23%
- Neither many nor few available	10%	20%	17%	15%	12%	12%	10%	11%	8%	8%	8%	8%	9%	8%
- Not many/few jobs available	20%	35%	41%	49%	57%	61%	64%	66%	68%	68%	68%	74%	71%	66%
- Don't know	5%	7%	6%	6%	5%	4%	3%	3%	3%	4%	4%	3%	2%	3%

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

UK Economic Situation - 6 months' time

- Better than today	15%	14%	27%	22%	21%	17%	19%	19%	26%	28%	33%	33%	34%	39%
- Same	50%	30%	31%	30%	27%	29%	34%	39%	41%	42%	42%	44%	45%	42%
- Worse than today	30%	53%	38%	45%	49%	53%	43%	41%	32%	28%	23%	21%	21%	18%
- Don't know	5%	3%	4%	3%	3%	2%	3%	1%	2%	2%	3%	3%	1%	1%

UK Employment Situation - 6 months time

- Many/Some jobs available	57%	25%	22%	21%	21%	15%	18%	19%	19%	22%	22%	20%	23%	27%
- Neither many or few available	17%	21%	18%	17%	14%	15%	16%	14%	16%	18%	21%	18%	20%	21%
- Not many/few jobs available	21%	48%	56%	59%	63%	67%	65%	65%	62%	57%	54%	60%	56%	50%
- Don't know	4%	5%	3%	3%	3%	3%	2%	1%	3%	3%	2%	2%	1%	2%

Household income - 6 months time

- Higher	26%	16%	15%	16%	15%	14%	17%	14%	14%	14%	13%	16%	14%	18%
- Same	65%	68%	69%	65%	65%	66%	65%	67%	70%	70%	71%	68%	72%	70%
- Lower	9%	14%	14%	16%	19%	18%	17%	18%	15%	15%	15%	14%	13%	10%
- Don't know	1%	3%	2%	3%	2%	2%	1%	2%	2%	1%	1%	2%	2%	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%	18%	18%	26%	27%	33%	38%	38%	42%	39%	40%	35%	33%	39%
- Neither good nor bad	27%	16%	15%	14%	19%	15%	18%	16%	19%	20%	21%	19%	23%	22%
- Bad time to buy	45%	64%	66%	58%	51%	51%	41%	44%	38%	38%	38%	43%	40%	37%
- Don't know	1%	2%	2%	2%	3%	2%	2%	2%	2%	3%	2%	2%	5%	1%

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

- Good time to buy	58%	26%	29%	28%	41%	50%	46%	43%	42%	41%	42%	40%	39%	42%
- Neither good nor bad	33%	49%	41%	43%	33%	32%	36%	39%	40%	39%	43%	41%	44%	42%
- Bad time to buy	7%	21%	27%	26%	23%	16%	16%	16%	15%	17%	13%	16%	13%	14%
- Don't know	1%	3%	3%	3%	3%	2%	1%	2%	2%	3%	2%	3%	3%	2%



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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	2008 Sept	Oct	Nov	Dec	2009 Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
Nationwide Consumer Confidence Index	100	53	62	53	48	41	45	45	54	59	63	65	66	78
Present Situation Index	100	43	37	32	28	24	20	19	19	20	18	17	17	23
Expectations Index	100	60	78	67	61	52	61	61	78	85	93	96	98	114
Spending Index	100	59	58	69	82	94	104	103	109	106	110	99	100	109

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 24 August 2009 to 20 September 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.

