



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

August 2009

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 9 SEPTEMBER 2009*****

"Confidence edges up in August"

CONSUMER CONFIDENCE INCREASES

- Consumer confidence rose by two points to 63 in August.
- The Expectations Index increased by three points to 94.
- The Spending Index increased by one point to 97.
- The Present Situation Index increased by one point to 17 in August.

CONFIDENCE IN THE PRESENT SITUATION INCREASES

- For the first time since April, the Present Situation Index has increased.
- Having reached an all time low* in July, confidence crept up by one point in August.

CONSUMERS REMAIN CAUTIOUS ABOUT MAKING MAJOR PURCHASES

- The number of those believing now is a good time to make a major purchase such as a house or car fell from 35% in July to 33% in August.
- Those with an indifferent view (neither a good nor a bad time to buy) increased from 19% in the previous month to 23%.

MARTIN GAHBAUER, NATIONWIDE'S CHIEF ECONOMIST, SAID:

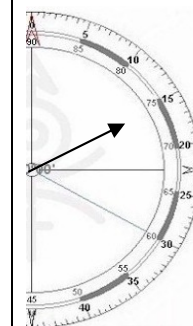
"The moderate increase in confidence this month indicates that, for the first time since April, consumers are beginning to feel more positive not only about the future, but also about the present situation. The rise in positive sentiment across all the indices is no surprise as a number of key economic indicators continue to show that we may have reached the bottom of the current recessionary cycle. It is likely that there will be a protracted recovery and we may see some volatility in the data as factors such as the rise in fuel duty affect sentiment. Although positive news about the housing market may have helped boost confidence, consumers' views about spending remain relatively cautious, possibly because the level of heavy discounting seen earlier in the year has now subsided."

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

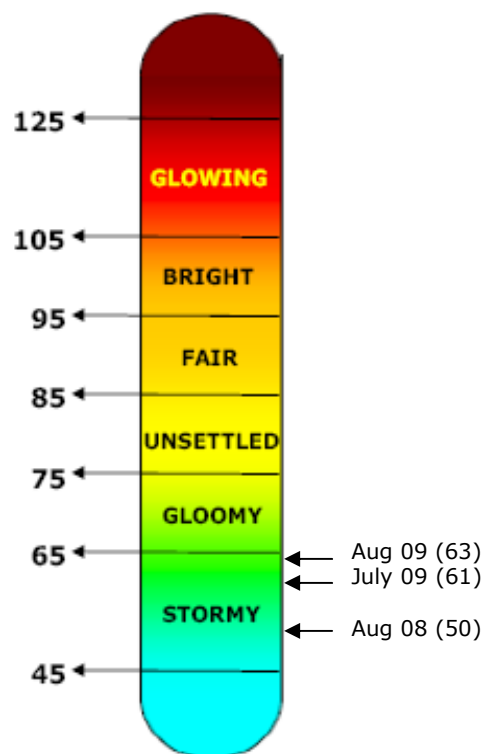
No change	95%
0.25% up	5%

AUGUST CONSUMER CONFIDENCE

"Consumer confidence increased by two points in August"



NATIONWIDE CONFIDENCE BAROMETER





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Confidence continues to edge upwards in August

Consumer confidence rises

The Nationwide Consumer Confidence Index recorded a two point increase in August to 63. All the indices rose during the month with the Expectations Index seeing the biggest increase of three points to 94; continuing the general upward trend which began at the start of the year. The Present Situation Index, which has generally been falling since the end of 2007, rose by one point in August to 17; the first time this index has increased since April 2009.

	August 2009	July 2009
Nationwide Consumer Confidence Index	63	61
- Present Situation Index	17	16
- Expectations Index	94	91
- Spending Index	97	96

Note: seasonally adjusted

Martin Gahbauer, Nationwide's chief economist, said:

"The moderate increase in confidence this month indicates that, for the first time since April, consumers are beginning to feel more positive, not only about the future, but also about the present situation. The rise in positive sentiment across all the indices is no surprise as a number of key economic indicators continue to show that we may have reached the bottom of the current recessionary cycle. It is likely that there will be a protracted recovery and we may see some volatility in the data as factors such as the rise in fuel duty affect sentiment. Although positive news about the housing market may have helped boost confidence, consumers' views about spending remain relatively cautious, possibly because the level of heavy discounting seen earlier in the year has now subsided."

Confidence may be returning

Overall consumer confidence has been increasing since March, which may indicate that people are starting to believe that economic conditions are beginning to improve. At 63, the Consumer Confidence Index is now 19 points higher than at the start of the year (44) and 13 points higher when compared to the same period in 2008 (50). Sentiment towards the current economic situation has also improved since the start of the year. In February, the percentage of those believing the current economic situation to be bad was 86%, compared to 72% in August.

Sentiment towards the future economic situation continues to improve...

As the pace of economic decline slows and some key commentators suggest that the worst of the recession may be over, confidence continues to build around the future economic situation. The number of those believing the economy will be worse in six months time has been falling steadily since the start of the year. 21% of people now think conditions will be worse in six months, compared to 53% in January and 57% in August 2008. This appears to mirror the general view that market conditions will begin to improve as we move into next year.

...and the outlook is brighter for the labour market

After a dip in confidence last month, people appear to be feeling slightly more positive about the current and future employment situation. There have been fewer large scale redundancy and insolvency announcements in the last few weeks and this may have contributed to the more upbeat attitude during August. The number of those believing there are currently many jobs available increased from 16% in July to 18% in August. Similarly, the percentage thinking there will be more jobs available in six months time increased to 23%, up from 20% in July.

Consumers remain cautious about making major purchases

Attitudes towards spending have been upbeat in recent months, driven by a prolonged period of sales which now appears to be subsiding. With fewer opportunities to grab a bargain, consumers seem to be taking a more wary view of parting with their money. The number of those believing now is a good time to make a major purchase such as a house or car fell from 35% in July to 33% in August and those with an indifferent view (neither a good nor a bad time to buy) increased from 19% in the previous month to 23%.

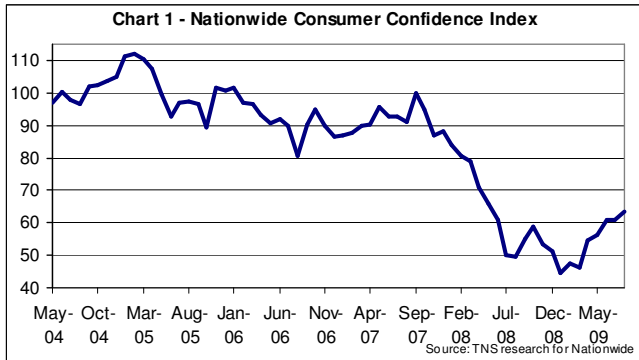
Expectations about house price rises over the next six months fell slightly in August. Consumers now expect the value of their home to increase by 0.2% over the next six months, compared with 0.5% in July.



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Nationwide Consumer Confidence Index

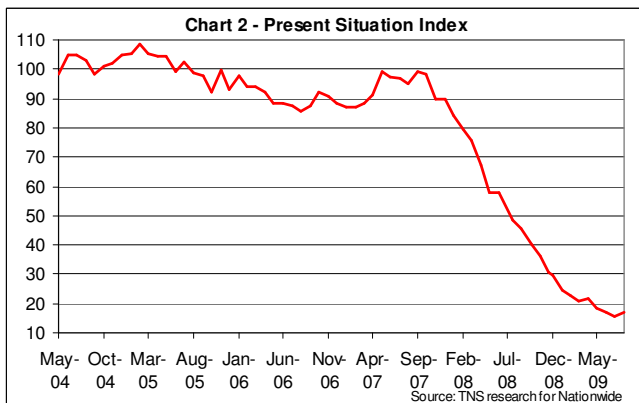
The Nationwide Consumer Confidence Index increased by two points in August from 61 to 63 (research took place from 20 July 2009 to 23 August 2009).



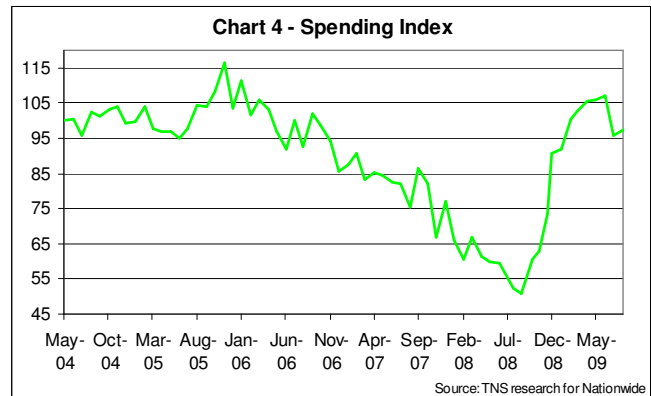
Sub-Indices

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 one point in August to 17. The proportion of consumers that believe the current economic situation is bad decreased by three percentage points on the previous month to 72%. The number of consumers who believe there are now few jobs available fell from 74% in July to 71% in August.



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index increased by one point in August. The number of consumers that believe now is a good time to make a major purchase decreased by 2% from July to 33%. The number of consumers who believe now is a bad time to purchase household goods decreased to 13% from 16% in July.



Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index increased by three points to 94 in August. Just over a third (34%) of people believe the economic situation will be better in six months time, an increase of one percentage point from July. The percentage of people who believe there will be few jobs available in six months time, fell from 60% in July to 56% in August.

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 August, the TNS research for Nationwide took place from 20 July 2009 to 23 August 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 7 October.

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



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Nationwide Consumer Confidence Index (seasonally adjusted).

May 2004 = 96.

	2004	2008					2009							
	May	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Nationwide Consumer Confidence Index	97	50	55	59	54	51	44	47	46	55	56	61	61	63
Present Situation Index	98	46	40	36	31	29	25	23	21	22	18	17	16	17
Expectations Index	96	53	65	74	69	66	58	64	63	77	82	90	91	94
Spending Index	100	51	60	63	73	91	92	100	103	106	106	107	96	97

Consumer responses (non-seasonally adjusted)**

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

UK Economic Situation - Current

- Good	45%	9%	10%	8%	9%	9%	8%	2%	5%	5%	6%	4%	6%	5%
- Neither good nor bad	31%	25%	23%	16%	15%	15%	11%	11%	12%	15%	15%	18%	17%	22%
- Bad	20%	65%	66%	75%	76%	75%	82%	86%	83%	80%	77%	76%	75%	72%
- Don't know	4%	1%	1%	1%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%

UK Employment Situation - Current

- Many/Some jobs available	66%	39%	37%	37%	30%	26%	23%	23%	21%	20%	20%	19%	16%	18%
- Neither many nor few	10%	22%	20%	17%	15%	12%	12%	10%	11%	8%	8%	8%	8%	9%
- Not many/few jobs available	20%	31%	35%	41%	49%	57%	61%	64%	66%	68%	68%	68%	74%	71%
- Don't know	5%	8%	7%	6%	6%	5%	4%	3%	3%	3%	4%	4%	3%	2%

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

UK Economic Situation - 6 months' time

- Better than today	15%	11%	14%	27%	22%	21%	17%	19%	19%	26%	28%	33%	33%	34%
- Same	50%	28%	30%	31%	30%	27%	29%	34%	39%	41%	42%	42%	44%	45%
- Worse than today	30%	57%	53%	38%	45%	49%	53%	43%	41%	32%	28%	23%	21%	21%
- Don't know	5%	4%	3%	4%	3%	3%	2%	3%	1%	2%	2%	3%	3%	1%

UK Employment Situation - 6 months' time

- Many/Some jobs available	57%	28%	25%	22%	21%	21%	15%	18%	19%	19%	22%	22%	20%	23%
- Neither many or few	17%	21%	21%	18%	17%	14%	15%	16%	14%	16%	18%	21%	18%	20%
- Not many/few jobs available	21%	47%	48%	56%	59%	63%	67%	65%	65%	62%	57%	54%	60%	56%
- Don't know	4%	4%	5%	3%	3%	3%	3%	2%	1%	3%	3%	2%	2%	1%

Household income - 6 months' time

- Higher	26%	17%	16%	15%	16%	15%	14%	17%	14%	14%	14%	13%	16%	14%
- Same	65%	66%	68%	69%	65%	65%	66%	65%	67%	70%	70%	71%	68%	72%
- Lower	9%	16%	14%	14%	16%	19%	18%	17%	18%	15%	15%	15%	14%	13%
- Don't know	1%	1%	3%	2%	3%	2%	2%	1%	2%	2%	1%	1%	2%	2%

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%	14%	18%	18%	26%	27%	33%	38%	38%	42%	39%	40%	35%	33%
- Neither good nor bad	27%	16%	16%	15%	14%	19%	15%	18%	16%	19%	20%	21%	19%	23%
- Bad time to buy	45%	68%	64%	66%	58%	51%	51%	41%	44%	38%	38%	38%	43%	40%
- Don't know	1%	2%	2%	2%	2%	3%	2%	2%	2%	2%	3%	2%	2%	5%

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

- Good time to buy	58%	28%	26%	29%	28%	41%	50%	46%	43%	42%	41%	42%	40%	39%
- Neither good nor bad	33%	46%	49%	41%	43%	33%	32%	36%	39%	40%	39%	43%	41%	44%
- Bad time to buy	7%	23%	21%	27%	26%	23%	16%	16%	16%	15%	17%	13%	16%	13%
- Don't know	1%	3%	3%	3%	3%	3%	2%	1%	2%	2%	3%	2%	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	2008 Aug	Sept	Oct	Nov	Dec	2009 Jan	Feb	Mar	Apr	May	June	July	Aug
Nationwide Consumer Confidence Index	100	52	53	62	53	48	41	45	45	54	59	63	65	66
Present Situation Index	100	46	43	37	32	28	24	20	19	19	20	18	17	17
Expectations Index	100	56	60	78	67	61	52	61	61	78	85	93	96	98
Spending Index	100	54	59	58	69	82	94	104	103	109	106	110	99	100

Note to editors:

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For August, the TNS research for Nationwide took place from 20 July 2009 to 23 August 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.

