

Nationwide CONSUMER CONFIDENCE INDEX

in partnership with TNS-RI



November 2011

www.nationwide.co.uk/consumer_confidence

Few signs of festive cheer as consumers prepare for Christmas

Nationwide Building Society, the UK's third largest mortgage and second largest savings provider, in conjunction with TNS-RI, today releases its Consumer Confidence Index for November 2011.

Index rises by four points in November

- The main confidence index rose by four points to 40 in November after five consecutive monthly declines
- The main index now stands 37 points below its long run average of 77 and seven points lower than the same point last year

Expectations drive confidence up

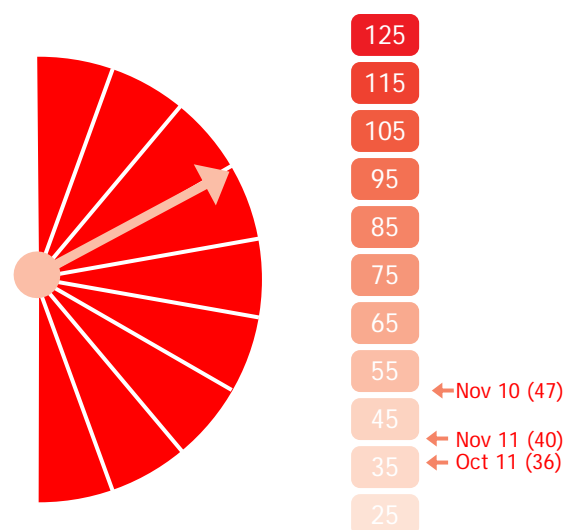
- The Expectations Index rose by seven points in November to 55
- Expectations for future economic conditions remain subdued, although there was a small improvement in expectations for employment prospects and household income

Spending confidence remains resilient

- The Spending Index rose two points in November to 77
- Consumers expressed a greater propensity to make household purchases
- Nevertheless, reservations towards making major purchases remain and consumers expect house prices to fall by 1.1% over the next six months

	Nov 11	Oct 11
Nationwide Consumer Confidence Index	40	36
- Present Situation Index	18	18
- Expectations Index	55	48
- Spending Index	77	75

Note: seasonally adjusted



Robert Gardner, Nationwide's Chief Economist, said:

"The small rise in consumer confidence recorded in November can hardly be described as festive cheer, but at least confidence has moved off its all time lows in the run up to Christmas.

"The main confidence index crept up by four points during the month, but it remains almost 40 points below its long run average, suggesting that consumers remain under pressure and concerned about future prospects, both for the wider economy and their own financial position.

Current conditions are still difficult

"There have been few positive developments in the wider economy to lift consumers' spirits in recent months. Signs that inflation has passed its peak may have provided some comfort, but at 4.8% in November,

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the cost of living was still rising at more than twice the pace of underlying wage growth.

"With unemployment also rising sharply in recent months, it's not surprising that consumers' assessment of their current situation remains close to all time lows.

Expectations a little brighter

"Despite the challenging economic backdrop and uncertainty about the outlook, not least as a result of the continuing difficulties in the Eurozone, a small rise in consumers' expectations towards the future helped to drag consumer confidence up from October's nadir. Consumer reaction towards the recent EU Treaty veto will not, however, begin to feed into the Index until December.

"The Expectations Index picked up by seven points to 55. Nevertheless, the improvement is very modest when you consider that the index is still far below its long-run average of 87 points.

Attitude to spending little changed

"There was only a marginal improvement in the Spending Index in November. This, together with the difficult labour market backdrop, suggests trading conditions will remain difficult for retailers in the run up to Christmas.

"With household budgets under pressure and the outlook uncertain, consumers remain reluctant to make major purchases – in November's survey twice as many people judged it to be a bad time rather than a good time to make a major purchase.

"People are also feeling less than optimistic about the direction of house prices over the next six months and expect to see prices fall by 1.1% from their current level. This is despite prices remaining surprisingly resilient in recent months."

Consumer house price forecast

Report month	% change over next six months
Nov-10	-1.4
Dec-10	-0.9
Jan-11	-1.1
Feb-11	-1.1
Mar-11	-0.9
Apr-11	-1.1
May-11	-0.2
June-11	-0.3
July-11	-0.4
Aug-11	-1.3
Sep-11	-0.8
Oct-11	-0.6
Nov-11	-1.1

For a full breakdown of historical data for the Nationwide Consumer Confidence Index, in conjunction with TNS-RI, since May 2004 visit:

www.nationwide.co.uk/consumer_confidence/data_download

To view the Nationwide House Price Index, including historical figures and reports, visit:

www.nationwide.co.uk/hpi

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Nationwide Consumer Confidence Index

The Nationwide Consumer Confidence Index rose by four points in November from 36 to 40 (research took place from 24 October 2011 to 20 November 2011).

Chart 1 - Nationwide Consumer Confidence Index

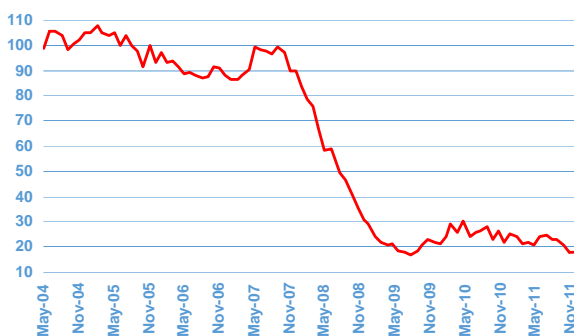


Sub-Indices

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 remained on 18 in November. The proportion of consumers that believe the current economic situation is bad fell by six percentage points during the month to 70%. The percentage of consumers who believe there are not many or few jobs available increased by three percentage points to 68%.

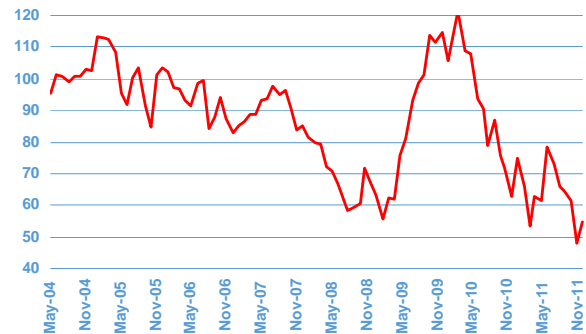
Chart 2 - Present Situation Index



Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index increased by seven points to 55 in November. The proportion of people who believe the economic situation will be worse than today in six months' time increased by three percentage points to 41% in November. The percentage of people who believe their household

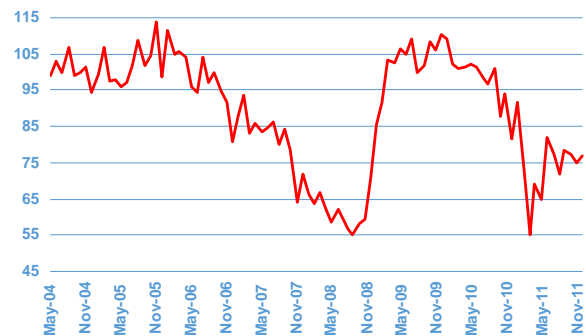
income will be lower in six months' time fell by one percentage point to 18%.

Chart 3 - Expectations Index



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index rose by two points in November to 77. The percentage of consumers that believe now is a good time to make a major purchase rose by one percentage point in November to 25%. The proportion of consumers who believe now is a good time to purchase household goods increased by five percentage points during the month to 30%.

Chart 4 - Spending Index



The Nationwide Consumer Confidence Index:

The Nationwide Consumer Confidence Index (NCCI) is compiled in partnership with TNS-RI, the market research group that conducts the research for the US index.

The NCCI Index was first published in May 2004.

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.

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

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Nationwide Consumer Confidence Index (seasonally adjusted). May 2004 = 97

	2004		2010		2011									
	May	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Nationwide Consumer Confidence Index	97	47	55	49	41	46	45	57	54	49	48	45	36	40
Present Situation Index	98	22	25	24	21	22	20	24	25	23	23	21	18	18
Expectations Index	96	63	75	66	53	63	61	79	73	66	65	62	48	55
Spending Index	99	82	92	72	55	69	65	82	77	72	78	77	75	77

Consumer responses (non-seasonally adjusted)

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

UK Economic Situation - Current														
Good	45%	7%	7%	6%	5%	5%	5%	8%	7%	7%	5%	6%	3%	4%
Neither good nor bad	31%	24%	29%	27%	20%	23%	25%	28%	27%	23%	25%	24%	19%	25%
Bad	20%	69%	63%	67%	75%	70%	69%	64%	66%	70%	68%	71%	76%	70%
Don't know	4%	1%	1%	1%	0%	1%	1%	1%	1%	1%	2%	0%	2%	0%

UK Employment Situation - Current														
Many/some jobs available	66%	22%	23%	24%	21%	22%	18%	24%	24%	23%	24%	24%	23%	19%
Neither many nor few	10%	13%	12%	11%	8%	8%	12%	9%	9%	8%	10%	12%	10%	11%
Not many/few jobs available	20%	64%	63%	63%	69%	68%	67%	64%	65%	66%	63%	62%	65%	68%
Don't know	5%	2%	3%	2%	2%	2%	2%	3%	2%	2%	4%	2%	2%	2%

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

UK Economic Situation - six months' time														
Good	15%	19%	21%	17%	14%	18%	18%	24%	19%	16%	16%	15%	13%	13%
Neither good nor bad	50%	42%	45%	44%	42%	41%	41%	48%	50%	50%	46%	49%	47%	45%
Bad	30%	38%	32%	36%	42%	38%	39%	26%	30%	31%	36%	35%	38%	41%
Don't know	5%	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

UK Employment Situation - six months' time														
Many/some jobs available	57%	19%	20%	22%	18%	19%	21%	25%	23%	21%	21%	21%	19%	18%
Neither many nor few	17%	19%	21%	20%	17%	16%	20%	18%	19%	20%	20%	22%	19%	21%
Not many/few jobs available	21%	62%	56%	58%	63%	63%	58%	56%	56%	57%	56%	55%	60%	59%
Don't know	4%	1%	2%	2%	1%	2%	2%	1%	2%	1%	3%	2%	2%	2%

Household income - six months' time														
Higher	26%	13%	15%	13%	13%	14%	15%	13%	13%	12%	13%	12%	13%	13%
Same	65%	65%	66%	66%	66%	65%	65%	71%	69%	67%	66%	70%	67%	69%
Lower	9%	20%	17%	19%	20%	20%	19%	15%	15%	20%	19%	16%	19%	18%
Don't know	1%	2%	2%	2%	1%	1%	1%	2%	2%	2%	2%	2%	1%	1%

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Spending: 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%	22%	25%	22%	17%	23%	20%	27%	25%	23%	24%	25%	24%	25%
Neither good nor bad	27%	31%	28%	25%	28%	25%	30%	28%	27%	24%	26%	23%	25%	23%
Bad time to buy	45%	44%	46%	51%	54%	51%	47%	45%	46%	51%	47%	50%	49%	50%
Don't know	1%	3%	1%	2%	1%	1%	3%	1%	2%	2%	3%	2%	2%	2%

Spending confidence – Household goods e.g. white/brown goods														
Good time to buy	58%	31%	43%	35%	21%	23%	24%	30%	27%	28%	30%	27%	25%	30%
Neither good nor bad	33%	51%	41%	40%	51%	51%	52%	51%	51%	47%	48%	51%	50%	44%
Bad time to buy	7%	16%	15%	22%	26%	22%	22%	18%	20%	22%	19%	18%	22%	23%
Don't know	1%	2%	1%	2%	3%	3%	2%	1%	2%	3%	3%	4%	3%	3%

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		2010		2011									
	May	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Nationwide Consumer Confidence Index	100	47	53	47	39	46	45	60	53	48	46	46	41	40
Present Situation Index	100	23	24	24	19	21	19	25	25	23	22	23	20	19
Expectations Index	100	63	73	63	53	62	63	83	73	64	62	62	54	54
Spending Index	100	80	88	74	56	69	68	83	78	71	77	78	73	76

Note to editors

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For November, the TNS-RI research for Nationwide took place from 24 October 2011 to 20 November 2011 with 1,000 people.



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