



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

March 2009

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 8 APRIL 2009*****

"Confidence falls in March"

SLIGHT FALL TO CONSUMER CONFIDENCE

- The Consumer Confidence Index fell to 41 in March, down from 43 in February. However, confidence has stayed broadly stable since the start of the year.
- The Expectations and Present Situation indices also fell, to 56 and 19 respectively, in March.
- The Spending Index remained static at 94.

CONSUMERS PESSIMISTIC ABOUT THE LABOUR MARKET...

- Consumers remain gloomy about the current employment situation. Two thirds (66%) believe there are now few jobs available, compared to 64% in February.
- Around two thirds (65%) also believe there will be few jobs available in six months' time.

...BUT MORE CONFIDENT ABOUT THE ECONOMY

- People felt slightly more optimistic about the current economic situation this month, with 83% believing the current climate to be bad, compared to 86% in February.
- Since the start of the year, a greater proportion of consumers (58%) now believe that conditions will not be any worse in six months' time.

FIONNUALA EARLEY, NATIONWIDE'S CHIEF ECONOMIST, SAID:

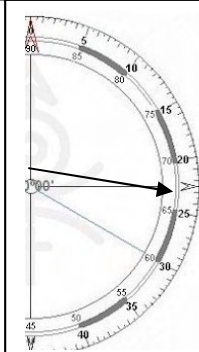
"Overall consumer confidence has remained broadly stable since the start of the year, but feelings about the current labour market have weakened. Further reports of job losses are likely to have affected consumers' views of this. However, increased optimism towards the current and future economy is encouraging. Even though retail sales are now weaker, spending sentiment has remained stable. This stability isn't surprising given further reductions on the high street and lower mortgage costs for some."

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

No change 95%
0.25% down 5%

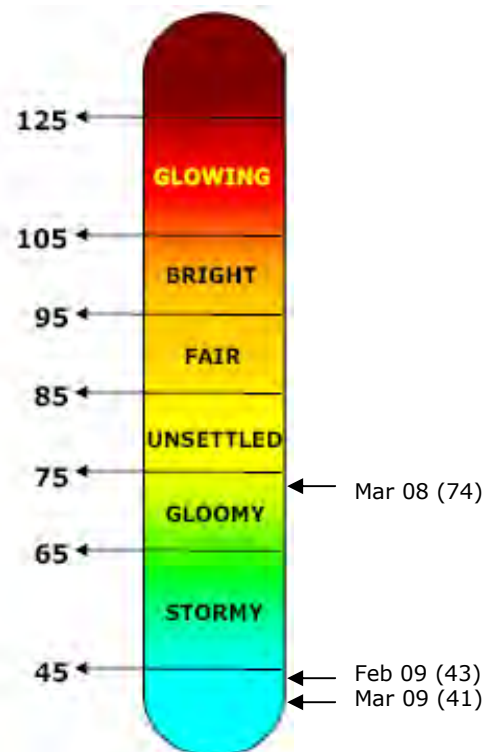
MARCH CONSUMER CONFIDENCE

"Consumer confidence ticked down two points in March"



Down two points

NATIONWIDE CONFIDENCE BAROMETER





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Little spring cheer for consumer confidence

Consumer confidence ticked down two points in March

Overall, consumers still feel downbeat as the Nationwide Consumer Confidence Index recorded a slight fall in March, ticking down to 41 from 43 in February. However, confidence has stayed broadly stable since the start of the year.

People became less confident about the present situation in March. Two thirds (66%) think that there are currently few jobs available. This is likely to be due to the deterioration in the labour market, as unemployment has risen and vacancies have fallen.

	March 2009	February 2009
Nationwide Consumer Confidence Index	41	43
- Present Situation Index	19	22
- Expectations Index	56	58
- Spending Index	94	94

Note: seasonally adjusted

The Expectations Index recorded a two point fall from 58 in February to 56 in March. The main reason for this was sentiment towards household income in six months' time. Perhaps consumers have recognised that their household incomes are likely to be affected by the recession. Following a steep increase in February, the Spending Index remained static at 94 during the month. This most likely reflects continued discounting on the high street, rather than the desire to buy, especially given the slowdown in retail sales reported in February.

Fionnuala Earley, Nationwide's chief economist, said:

"Overall consumer confidence has remained broadly stable since the start of the year, but feelings about the current labour market have weakened. Further reports of job losses are likely to have affected consumers' views of this. However, increased optimism towards the current and future economy is encouraging. Even though retail sales are now weaker, spending sentiment has remained stable. This stability isn't surprising given further reductions on the high street and lower mortgage costs for some."

Consumers remain despondent about the labour market...

Consumers first started to signal decreasing sentiment around the current job situation a bit earlier than the actual increases in unemployment were recorded. The number of people that believe there are few jobs available in six months' time began to pick up in November 2007, whereas there was no recorded increase in unemployment until the following year. Consumers' opinions on the current employment situation seem consistent with the expectation that unemployment will continue to increase in the short term.

...but more confident about economic conditions

People felt slightly more optimistic about the current economic situation this month, with 83% believing the current climate to be bad, compared to 86% in February. Confidence may have been buoyed by a further reduction in the Bank of England Base Rate at the start of the month. In addition, since the start of the year, a greater proportion of consumers (58%) believe that conditions will not be any worse in six months' time. This may suggest that consumers are looking for light at the end of the tunnel.

Consumers pessimistic about future income

Consumers now seem to have a more modest view of future household income. When comparing the previous three quarters, we can see a larger percentage of people think their income will be lower rather than higher in the next six months. This is consistent with other views about the labour market and is likely to lead to constraints on spending in the coming months.

Expectations about house price falls over the next six months moderated further in March. Consumers now expect prices to fall by 3% over the next six months, compared with 4.7% in February.



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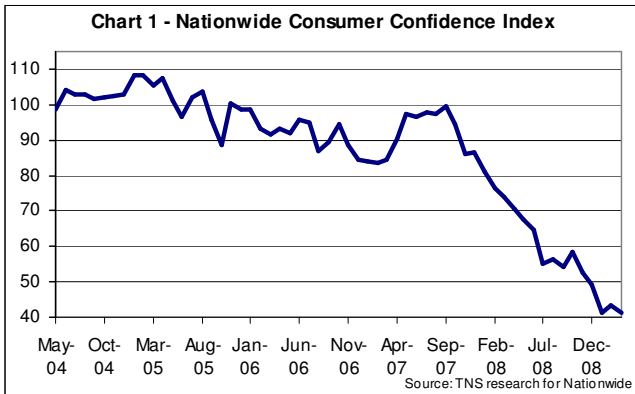
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Nationwide Consumer Confidence Index

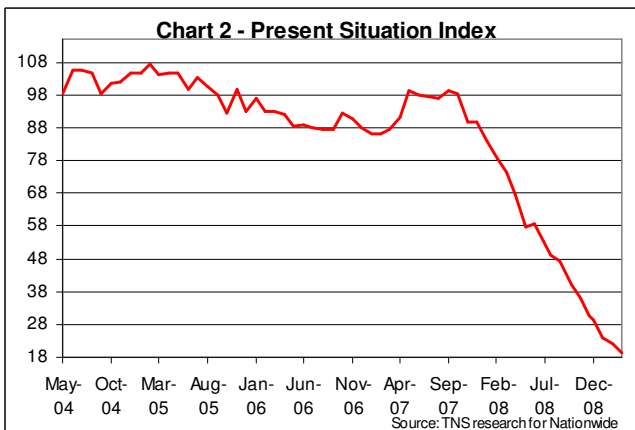
The Nationwide Consumer Confidence Index dropped by two points in March from 43 to 41 (research took place from 16 February 2009 to 22 March 2009).



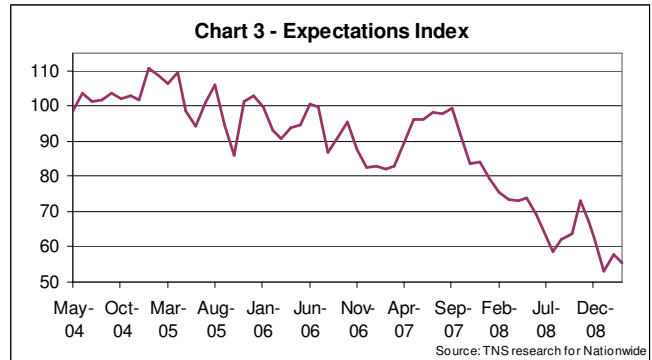
Sub-Indices

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

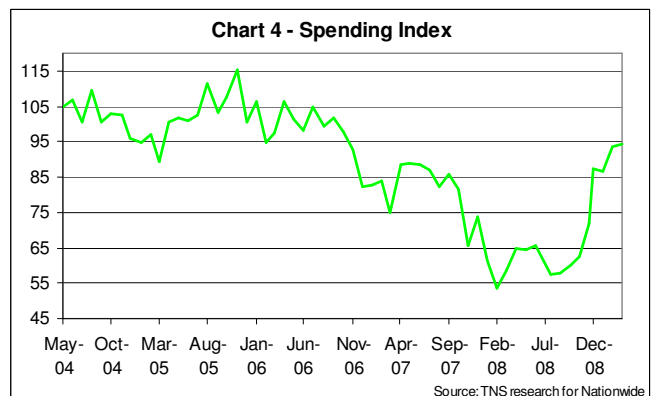
Present Situation Index (Chart 2): reflects sentiment about the current economic and employment situation. This Index dropped three points in March to 19. 5% of consumers believe that the current economic situation is good compared to 2% last month. The number of consumers who believe there are now few jobs available rose from 64% in February to 66% in March.



Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This index dropped from 58 in February to 56 in March. 17% of people believe current economic conditions to be good or normal, compared to 13% in February. Over a third (39%) think the economy will be the same in six months' time. Around two thirds (65%) believe there will be few jobs available in six months' time.



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index remained level at 94 in March. The number of consumers that believe now is a good time to make a major purchase also remained consistent at 38% in March, as did the number of consumers that believe now is a bad time to purchase household goods (16%).



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 March, the TNS research for Nationwide took place from 16 February 2009 to 22 March 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 6 May.

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



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Nationwide Consumer Confidence Index (seasonally adjusted). May 2004 = 99.

	2004 May	2008 Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	2009 Mar
Nationwide Consumer Confidence Index	98	74	71	68	65	55	56	54	58	52	49	41	43	41
Present Situation Index	98	75	68	58	58	49	47	40	36	31	29	24	22	19
Expectations Index	99	73	73	74	69	59	62	64	73	67	63	53	58	56
Spending Index	105	59	65	64	66	57	58	60	62	72	87	87	94	94

Consumer responses (non-seasonally adjusted)*

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

UK Economic Situation - Current

- Good	45%	25%	17%	14%	14%	11%	9%	10%	8%	9%	9%	8%	2%	5%
- Neither good nor bad	31%	41%	42%	32%	32%	26%	25%	23%	16%	15%	15%	11%	11%	12%
- Bad	20%	32%	39%	52%	52%	61%	65%	66%	75%	76%	75%	82%	86%	83%
- Don't know	4%	3%	2%	2%	1%	1%	1%	1%	1%	1%	1%	0%	1%	1%

UK Employment Situation - Current

- Many/Some jobs available	66%	49%	47%	51%	50%	41%	39%	37%	37%	30%	26%	23%	23%	21%
- Neither many nor few	10%	21%	23%	19%	19%	25%	22%	20%	17%	15%	12%	12%	10%	11%
- Not many/few jobs available	20%	24%	25%	24%	25%	28%	31%	35%	41%	49%	57%	61%	64%	66%
- Don't know	5%	6%	6%	7%	5%	6%	8%	7%	6%	6%	5%	4%	3%	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%	12%	15%	12%	11%	11%	14%	27%	22%	21%	17%	19%	19%
- Same	50%	40%	37%	33%	32%	25%	28%	30%	31%	30%	27%	29%	34%	39%
- Worse than today	30%	43%	45%	46%	53%	60%	57%	53%	38%	45%	49%	53%	43%	41%
- Don't know	5%	4%	5%	5%	3%	3%	4%	3%	4%	3%	3%	2%	3%	1%

UK Employment Situation - 6 months' time

- Many/Some jobs available	57%	38%	32%	35%	37%	28%	28%	25%	22%	21%	21%	15%	18%	19%
- Neither many or few	17%	25%	32%	25%	26%	26%	21%	21%	18%	17%	14%	15%	16%	14%
- Not many/few jobs available	21%	31%	30%	31%	34%	42%	47%	48%	56%	59%	63%	67%	65%	65%
- Don't know	4%	6%	5%	8%	3%	4%	4%	5%	3%	3%	3%	3%	2%	1%

Household income - 6 months' time

- Higher	26%	25%	24%	21%	16%	17%	17%	16%	15%	16%	15%	14%	17%	14%
- Same	65%	61%	62%	62%	69%	65%	66%	68%	69%	65%	65%	66%	65%	67%
- Lower	9%	12%	13%	15%	14%	16%	16%	14%	14%	16%	19%	18%	17%	18%
- Don't know	1%	3%	1%	2%	1%	2%	1%	3%	2%	3%	2%	2%	1%	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%	15%	14%	18%	17%	14%	18%	18%	26%	27%	33%	38%	38%
- Neither good nor bad	27%	27%	23%	19%	19%	18%	16%	16%	15%	14%	19%	15%	18%	16%
- Bad time to buy	45%	56%	60%	65%	61%	64%	68%	64%	66%	58%	51%	51%	41%	44%
- Don't know	1%	3%	2%	2%	2%	1%	2%	2%	2%	2%	3%	2%	2%	2%

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

- Good time to buy	58%	33%	27%	29%	28%	25%	28%	26%	29%	28%	41%	50%	46%	43%
- Neither good nor bad	33%	52%	56%	50%	49%	51%	46%	49%	41%	43%	33%	32%	36%	39%
- Bad time to buy	7%	11%	12%	16%	20%	21%	23%	21%	27%	26%	23%	16%	16%	16%
- Don't know	1%	3%	5%	4%	3%	3%	3%	3%	3%	3%	3%	2%	1%	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 Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	2009 Mar
Nationwide Consumer Confidence Index	100	77	70	69	63	53	52	53	62	53	48	41	45	45
Present Situation Index	100	74	65	60	59	50	46	43	37	32	28	24	20	19
Expectations Index	100	79	74	75	66	56	56	60	78	67	61	52	61	61
Spending Index	100	67	65	60	63	56	54	59	58	69	82	94	104	103

Note to editors:

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For March, the TNS research for Nationwide took place from 16 February 2009 to 22 March 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.

