



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

November 2007

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 5 DECEMBER 2007*****

"Consumer Confidence Falls"

CONSUMER CONFIDENCE FALLS 12 POINTS

- Confidence levels dropped to 86 in November – the biggest fall ever*
- The Spending Index fell 14 points to 63, its lowest level recorded*

LESS OPTIMISM ABOUT THE FUTURE

- Consumers are less confident about the future
- The Expectations Index dropped 14 points – the second largest monthly fall since the series began

CONSUMERS LESS LIKELY TO SPLASH OUT THIS CHRISTMAS

- The number of people confident about spending continues to fall

HOUSE PRICE EXPECTATIONS SLOW

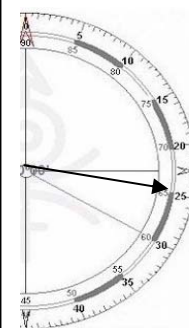
- Expectations of house price growth continued on a downward trend this month - consumers expect house prices to increase by 1.2% over the coming six months

NATIONWIDE MPC FORECAST PROBABILITY OF BASE RATE CHANGE

No Change	40%
0.25% Down	60%

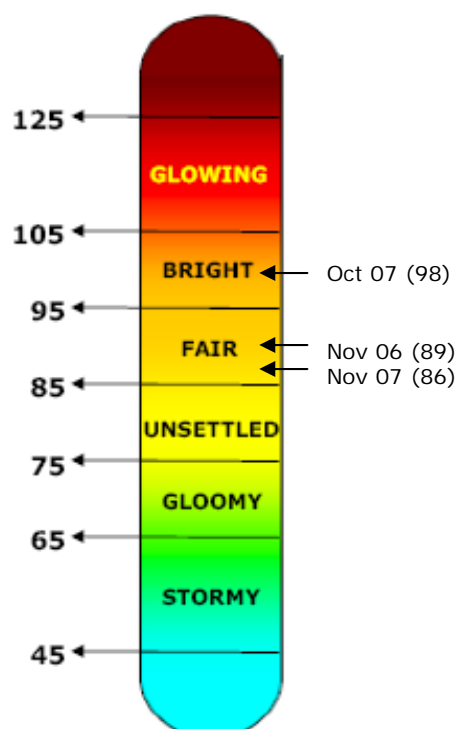
NOVEMBER CONSUMER CONFIDENCE

"Consumer confidence fell 12 points in November – the biggest fall ever*"



Fell 12 points

NATIONWIDE CONFIDENCE BAROMETER



FIONNUALA EARLEY, NATIONWIDE'S CHIEF ECONOMIST, SAID:

"We've been expecting consumers to react to the events of recent months for some time so the fall in the index this month was not a surprise. Uncertainty about the effects of the credit crunch together with rising oil and food prices seem to be affecting feelings about jobs and the future economic situation. With this in mind, it is natural that consumers would think about tightening their belts this Christmas and this is reflected in the weaker spending index. Going forward into 2008, the expectation of at least two cuts in the Base Rate should begin to take pressure off finances and restore some confidence."



*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 5 DECEMBER 2007*****

Fall in UK Consumer Confidence threatens Christmas spending

Consumer Confidence falls 12 points

The Nationwide Consumer Confidence Index fell by 12 points to 86 in November – the most it has ever fallen in a month*. A fall in consumer confidence was not unexpected given the spate of gloomy news of the last few months which now appears to be taking its toll. Continuing uncertainty about the credit crunch, petrol breaching £1 per litre and higher staple food prices now all seem to be affecting consumers’ sentiment.

	Nov 2007	Oct 2007
Nationwide Consumer Confidence Index	86	98
- Present Situation Index	91	99
- Expectations Index	83	97
- Spending Index	63	77

All four confidence indices dropped in November. The smallest fall was in the Present Situation Index, which reflects feelings about the current economic and employment situation - this fell by 8 points. In contrast, the Spending Index (consumers’ willingness to spend) and Expectations Index (how consumers feel about the economic and employment situation and income in six month’s time) both dropped by 14 points to 63 and 83 respectively.

The UK Nationwide Consumer Confidence Index uses a similar methodology to that of the US Conference Board, the most highly regarded Consumer Confidence Index in the US, widely acknowledged as a key US economic indicator. Nationwide’s monthly survey is compiled in partnership with TNS.

Fionnuala Earley, Nationwide’s chief economist, said:

“We’ve been expecting consumers to react to the events of recent months for some time so the fall in the index this month was not a surprise. Uncertainty about the effects of the credit crunch together with rising oil and food prices seem to be affecting feelings about jobs and the future economic situation. With this in mind, it is natural that consumers would think about tightening their belts this Christmas and this is reflected in the weaker spending index. Going forward into 2008, the expectation of at least two cuts in the Base Rate should begin to take pressure off finances and restore some confidence.”

Less optimism about the future

Sentiment about the labour market is weaker than in earlier months with almost a quarter of people believing that there are currently few jobs available. Having said that, more than half still think that there are some or many jobs available. Consumers are less happy about the future. The 14 point fall in the Expectations Index was the second largest monthly fall since the series began, and brings it down to its lowest level since January 2007, when overall consumer confidence hit its lowest point. Consumers are less optimistic about the economy and the job situation, but remarkably this has still had little impact on their view of household finances - 89% think their household income will be the same or higher in six months time.

Consumers might be less likely to splash out this Christmas

The number of people who are confident about buying a major item such as a house or a car continued to fall in November. Over half (57%) of consumers think now is a bad time to make a major purchase compared to 51% in October. Only 35% think now is a good time to purchase household goods such as electrical items – a drop from 40% in October. Some of this fall will reflect seasonal factors as consumers consider buying such goods in the sales, but the weaker sentiment about the future economy and jobs market will undoubtedly have a role to play.

House price expectations continue on a downward trend

House price growth expectations continued on a downward trend this month with consumers anticipating just 1.2% growth in prices over the next six months - down from 1.9% in October. This is in line with expectations and is consistent with Nationwide’s forecast that house price inflation will come in at around 0% in 2008.



Nationwide Consumer Confidence Index in partnership with TNS



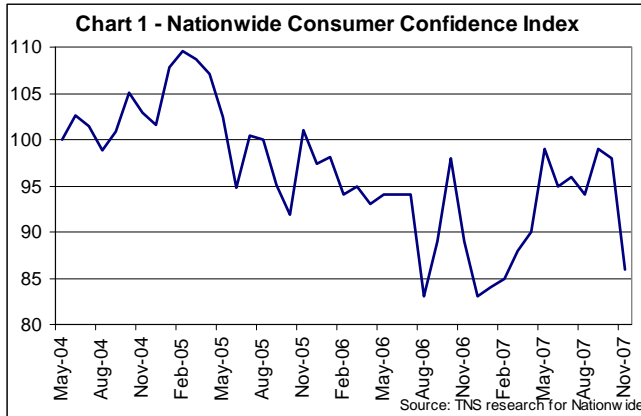
www.nationwide.co.uk/consumer_confidence

November 2007

*****STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 5 DECEMBER 2007*****

Nationwide Consumer Confidence Index

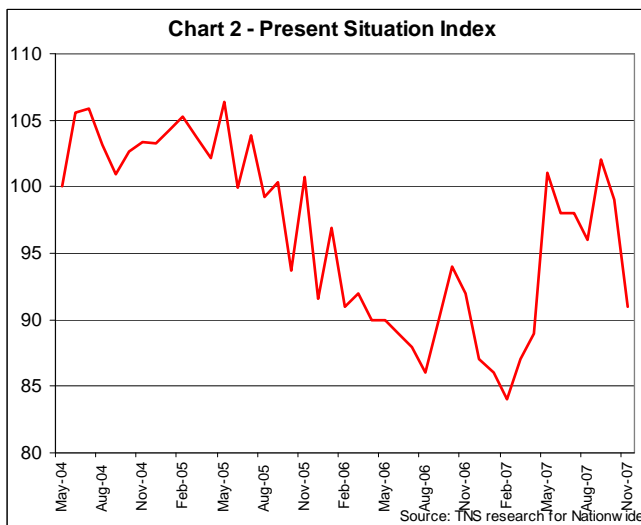
The Nationwide Consumer Confidence Index fell 12 points in November (research took place from 22 October to 18 November).



Sub-Indices

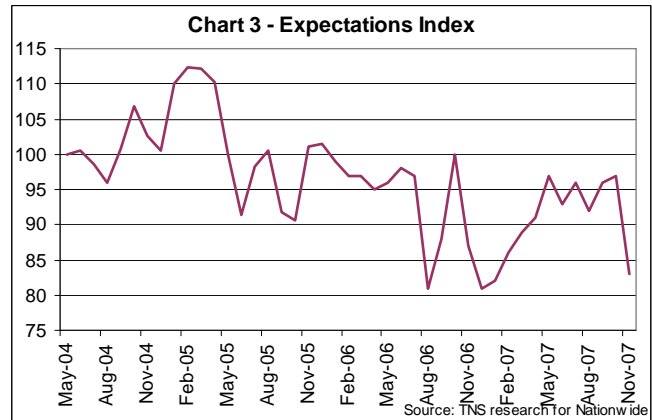
In addition to the main Consumer Confidence Index, Nationwide Building Society compiles three other indices: Present Situation Index, Expectations Index and Spending Index.

Present Situation Index (Chart 2): reflects sentiment about current economic and employment situations. This Index fell eight points in November with just over a third of consumers (34%) positive about the current economic situation, slightly down from 35% in October. 23% of consumers are negative about the number of jobs currently available – an increase of 7% compared to last month.

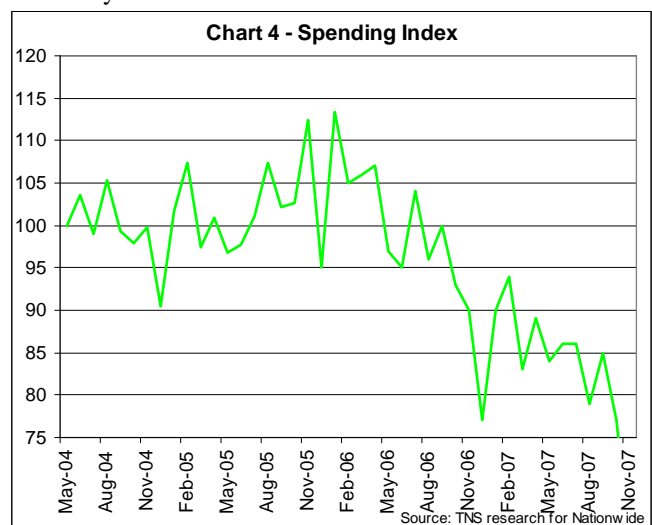


Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. The index fell 14 points from 97 to 83 in November.

The number of people who are positive about the future employment situation has risen by 5% compared to this time last year. 42% of consumers believe there will be more jobs available in the future.



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The spending index fell 14 points in November to 63 (from 77 in October). Just 10% of consumers think now is a good time to make a major purchase such as a house or car, compared to 25% this time last year.



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 November, the TNS research for Nationwide took place from 22 October to 18 November 2007 with 1001 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 Nationwide Consumer Confidence Index scheduled for release at: 00.01hrs on 9 January 2008

For past reports and methodology see:

www.nationwide.co.uk/consumer_confidence

Enquiries to: Katie Harper, 01793 656215, katie.harper@nationwide.co.uk



Nationwide Consumer Confidence Index in partnership with TNS



www.nationwide.co.uk/consumer_confidence

November 2007

STRICTLY EMBARGOED UNTIL 00.01 AM WEDNESDAY 5 DECEMBER 2007

Nationwide Consumer Confidence Index. May 2004 = 100.

	2004 May	2006 Nov	2007											
			Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov
Nationwide Consumer Confidence Index	100	89	83	84	85	88	90	99	95	96	94	99	98	86
Present Situation Index	100	92	87	86	84	87	89	101	98	98	96	102	99	91
Expectations Index	100	87	81	82	86	89	91	97	93	96	92	96	97	83
Spending Index	100	90	77	90	94	83	89	84	86	86	79	85	77	63

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

UK Economic Situation - Current

- Good	45%	44%	41%	36%	35%	37%	40%	48%	48%	41%	36%	45%	35%	34%
- Normal	31%	33%	33%	36%	38%	36%	33%	33%	32%	39%	45%	38%	46%	42%
- Bad	20%	19%	23%	24%	23%	22%	23%	17%	19%	17%	14%	16%	18%	21%
- Don't know	4%	4%	5%	3%	4%	5%	4%	3%	2%	3%	4%	2%	2%	3%

UK Employment Situation - Current

- Many/Some jobs available	66%	50%	46%	52%	47%	47%	51%	60%	57%	57%	51%	60%	61%	55%
- Neither many nor few available	10%	16%	17%	15%	19%	20%	15%	14%	13%	16%	16%	14%	18%	16%
- Not many/few jobs available	20%	28%	28%	28%	29%	27%	25%	21%	23%	23%	25%	19%	16%	23%
- Don't know	5%	6%	7%	6%	6%	6%	7%	4%	6%	5%	8%	6%	6%	7%

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

UK Economic Situation - 6 months time

- Better than today	15%	14%	13%	11%	13%	14%	13%	15%	13%	14%	13%	12%	14%	11%
- Same	50%	46%	45%	48%	45%	41%	52%	53%	50%	52%	52%	55%	50%	47%
- Worse than today	30%	31%	31%	33%	33%	33%	26%	28%	29%	26%	28%	28%	31%	36%
- Don't know	5%	9%	11%	8%	10%	12%	10%	5%	7%	8%	7%	6%	6%	6%

UK Employment Situation - 6 months time

- Many/Some jobs available	57%	37%	35%	39%	38%	39%	39%	46%	46%	46%	41%	46%	44%	42%
- Neither many or few available	17%	25%	19%	17%	21%	18%	23%	25%	18%	21%	20%	25%	30%	25%
- Not many/few jobs available	21%	32%	36%	36%	33%	33%	28%	24%	28%	26%	32%	23%	21%	27%
- Don't know	4%	7%	10%	8%	8%	11%	9%	4%	7%	7%	8%	6%	5%	6%

Household income - 6 months time

- Higher	26%	28%	25%	31%	29%	29%	27%	24%	28%	24%	26%	26%	27%	26%
- Same	65%	59%	60%	56%	58%	59%	60%	66%	63%	64%	63%	64%	62%	63%
- Lower	9%	10%	12%	11%	10%	9%	11%	8%	9%	10%	8%	7%	9%	9%
- Don't know	1%	2%	3%	2%	3%	4%	3%	2%	1%	2%	2%	3%	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%	25%	18%	22%	23%	19%	21%	18%	19%	18%	15%	17%	14%	10%
- Neither good nor bad	27%	27%	28%	28%	32%	30%	32%	31%	31%	30%	35%	33%	34%	28%
- Bad time to buy	45%	44%	48%	45%	39%	45%	43%	49%	48%	48%	49%	48%	51%	57%
- Don't know	1%	5%	6%	5%	5%	7%	6%	2%	2%	3%	2%	2%	1%	4%

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

- Good time to buy	58%	42%	40%	55%	44%	40%	43%	51%	45%	41%	39%	41%	40%	35%
- Neither good nor bad	33%	38%	36%	30%	38%	39%	40%	41%	45%	46%	49%	49%	50%	49%
- Bad time to buy	7%	12%	15%	10%	9%	10%	9%	6%	6%	7%	6%	5%	6%	11%
- Don't know	1%	7%	9%	6%	8%	11%	8%	2%	4%	6%	5%	5%	3%	5%

Note to editors:

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For November, the TNS research for Nationwide took place from 22 October to 18 November 2007 with 1001 people. NFO, now part of TNS, has worked with The US Conference Board since the inception of its consumer confidence index in 1967.

