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The Nationwide Consumer Confidence Index

Falling for the fifth time in an as many months, overall consumer confidence in October has fallen off its earlier nadir, recorded in February this year

The NCCI dropped considerably in October, by 9 points to close at 36, the lowest recorded score in the history of the Index since the study began in 2004.

Worsening of the perceptions of the current economic conditions

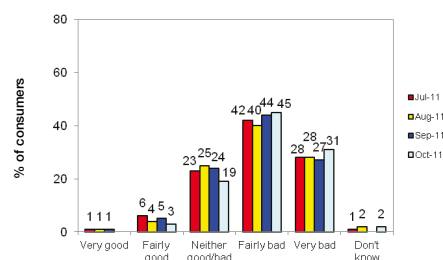
which has remained largely stable over the past year combined with the already deteriorating expectations of future economic indicators, have all added to consumers concerns about the UK economy.



Chart 1 – Nationwide Consumer Confidence Index



UK Economic Situation – Current



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The Expectations Index

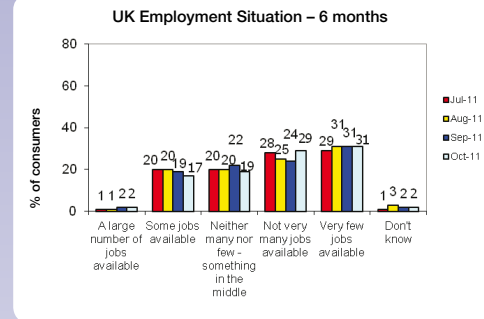
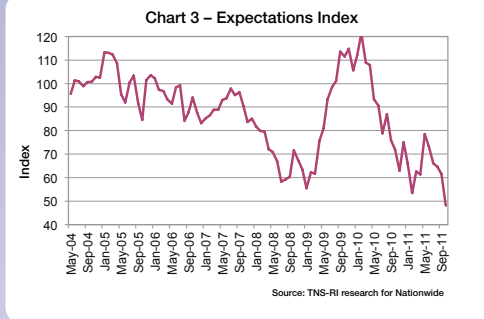
The Expectations Index took the largest hit this month and like NCCI, recorded the lowest ever score in its history

The Expectations Index has taken the largest hit this month, by falling 14 points to close at its lowest ever recorded score of 48. This is 5 points below the previously recorded lowest score of the Index, 53, registered in February this year.

Outlook of future employment and income conditions have

deteriorated this month after a couple of months of optimism, largely attributable to the reports of record high unemployment rates released during the period of fieldwork. Moreover, imminent job cuts in the public sector, planned as a measure to tackle the UK Government's budget deficit is

not inspiring confidence amongst UK consumers. Furthermore, the Bank of England Governor - Mervyn King has been increasingly explicit about the pressures facing the UK, Eurozone and Global economy.



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The Present Situation Index

The Present Situation Index recorded the second lowest score in the history of the Index in October

The Present Situation Index fell by a further 3 points in October to close at 18, the same level recorded in August 2009 and the second lowest score in the history of the Index.

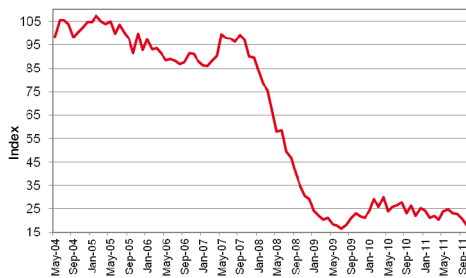
Sluggish economic growth, absence of any decisive fiscal

or economic policies to tackle static growth rates (despite the announcement of a further £75Bn in quantitative easing), high inflation as a result of soaring energy prices and record high unemployment rates are all causing this Index to lie more than 30 points below its long run average.

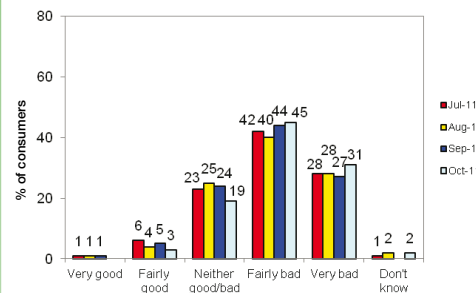
More than three-quarters of the consumers believe that the current economic situation is bad while nearly two-thirds hold a similar opinion about the current labour market conditions.



Chart 2 – Present Situation Index



UK Economic Situation – Current



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The Spending Index

Consumer disposition towards spending continues to be strong in October

The Spending Index fell by only 2 points this month to close at 75 and continues to be the strongest performing Index since May 2010.

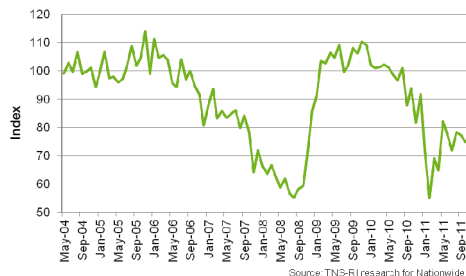
Somewhat optimistic views about the present as a 'good' time for major purchases has changed little since September with nearly

a quarter of the consumers continuing to be fairly buoyant about a house/car purchase, probably as a result of expectations of the 0.5% interest rates to continue well into the foreseeable future. However, disposition towards household purchases has worsened marginally, probably

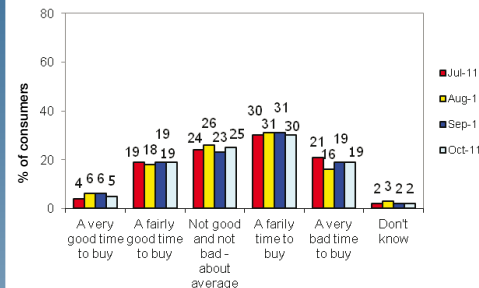
owing to the escalating energy prices causing consumers to substitute discretionary spend into day to day essential costs.



Chart 4 – Spending Index



Major Purchase – 6 months



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House price expectations and property value

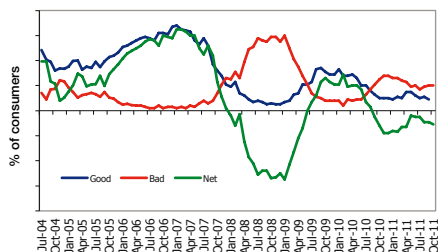
Consumers' expectation of house prices has remained subdued for more than a year now

The lack of optimism in the housing market may not be an entirely bad thing as it would be encouraging first time home buyers with the accumulated deposit to get onto the property

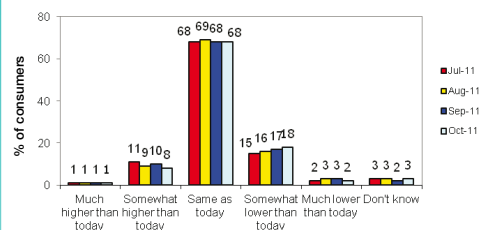
ladder, although it would be discouraging current homeowners, for whom the prospect of being locked in a negative equity is quite unappetising.



Projected Property Value



Projected Property Value



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Historic scores

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

	2004		2010		2011									
	May	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
Nationwide Consumer Confidence Index	97	54	47	55	49	41	46	45	57	54	49	48	45	36
Present Situation Index	98	26	22	25	24	21	22	20	24	25	23	23	21	18
Expectations Index	96	72	63	75	66	53	63	61	79	73	66	65	62	48
Spending Index	99	94	82	92	72	55	69	65	82	77	72	78	77	75

Consumer responses (non-seasonally adjusted)

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

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

UK Employment Situation - Current														
Many/some jobs available	66%	28%	22%	23%	24%	21%	22%	18%	24%	24%	23%	24%	24%	23%
Neither many nor few	10%	11%	13%	12%	11%	8%	8%	12%	9%	9%	8%	10%	12%	10%
Not many/few jobs available	20%	58%	64%	63%	63%	69%	68%	67%	64%	65%	66%	63%	62%	65%
Don't know	5%	3%	2%	3%	2%	2%	2%	2%	3%	2%	2%	4%	2%	2%

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

UK Economic Situation – six months' time														
Good	15%	23%	19%	21%	17%	14%	18%	18%	24%	19%	16%	16%	15%	13%
Neither good nor bad	50%	47%	42%	45%	44%	42%	41%	41%	48%	50%	50%	46%	49%	47%
Bad	30%	29%	38%	32%	36%	42%	38%	39%	26%	30%	31%	36%	35%	38%
Don't know	5%	2%	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

UK Employment Situation – six months' time														
Many/some jobs available	57%	27%	19%	20%	22%	18%	19%	21%	25%	23%	21%	21%	21%	19%
Neither many nor few	17%	18%	19%	21%	20%	17%	16%	20%	18%	19%	20%	20%	22%	19%
Not many/few jobs available	21%	55%	62%	56%	58%	63%	63%	58%	56%	56%	57%	56%	55%	60%
Don't know	4%	1%	1%	2%	2%	1%	2%	2%	1%	2%	1%	3%	2%	2%

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

Spending confidence – Major purchase e.g. house or car														
Good time to buy	28%	27%	22%	25%	22%	17%	23%	20%	27%	25%	23%	24%	25%	24%
Neither good nor bad	27%	31%	31%	28%	25%	28%	25%	30%	28%	27%	24%	26%	23%	25%
Bad time to buy	45%	40%	44%	46%	51%	54%	51%	47%	45%	46%	51%	47%	50%	49%
Don't know	1%	2%	3%	1%	2%	1%	1%	3%	1%	2%	2%	3%	2%	2%

Spending confidence – Household goods e.g. white/brown goods														
Good time to buy	58%	35%	31%	43%	35%	21%	23%	24%	30%	27%	28%	30%	27%	25%
Neither good nor bad	33%	51%	51%	41%	40%	51%	51%	52%	51%	47%	48%	51%	50%	50%
Bad time to buy	7%	13%	16%	15%	22%	26%	22%	22%	18%	20%	22%	19%	18%	22%
Don't know	1%	2%	2%	1%	2%	3%	3%	2%	1%	2%	3%	3%	4%	3%

The Nationwide Consumer Confidence Index is compiled in partnership with Nationwide Building Society.

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.

For October, the TNS Research International research for Nationwide took place from 26th September to 23rd October 2011 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.

The NCCI Index was first published in May 2004.

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