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## The Nationwide Consumer Confidence Index

Consumer confidence has receded in June following the big gains in May

The NCCI dropped by 4 points to close at 51 this month. The heightened consumer optimism experienced in May did not hold in June.

Future expectations about UK macroeconomic conditions, especially the economy, was once again the most important factor

affecting the NCCI. The number of people in June who expected the UK economy to improve over the next six months fell to 1 in 6 with nearly 1 in 3 expecting it to worsen.

However, consumer perception of current economic and employment conditions continued

to remain stable this month with only 7% (down 1%) and 24% (unchanged) believing that the current economic and employment conditions are 'good' in June.

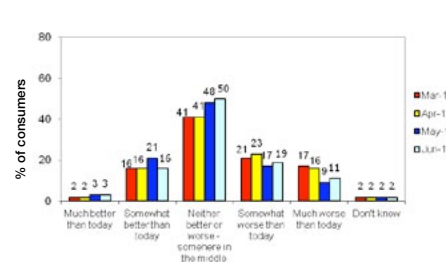


Chart 1 – Nationwide Consumer Confidence Index



Source: TNS-RI research for Nationwide

UK Economic Situation – 6 months



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## The Expectations Index

Consumer expectations about the future continue to be fairly uncertain

Consumer expectations about future economic and employment conditions in the UK continue to be fairly uncertain, with the Expectations Index closing at 74, falling by 7 points after a record increase in the index last month. This indicates that while consumers continue to feel stable about the current macroeconomic situation in UK, they don't feel the

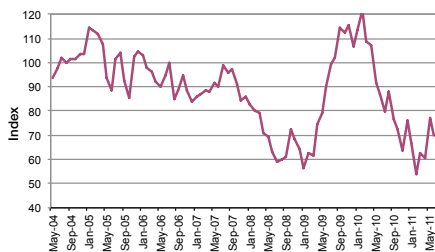
same sense of certainty towards the future. The fall in June is attributable mainly to changes in perceptions of the general economic outlook rather than the future employment situation.

The number of consumers who believe that over the next 6 months the economic conditions in the UK will either be 'much' or 'somewhat better than today' dropped to 18%

(down 6%). However the believers in the future UK employment situation remained stable at nearly 1 in 5. During the fieldwork period reports of recovery in the labour market in Q1 2011 were published.

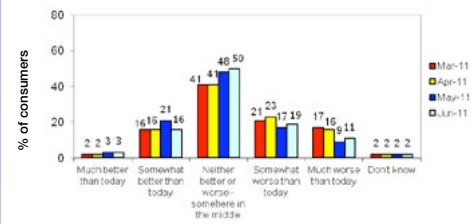


Chart 3 – Expectations Index



Source: TNS-RI research for Nationwide

UK Economic Situation – 6 months



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## The Present Situation Index

### Confidence in the current situation remains unchanged in June

The Present Situation Index remained unchanged since May at 23. This index has remained more stable than any others in the last 12 months, with little sign of recovery since the large fall in 2008. Consumers continue to be cautious about the present UK macroeconomic conditions.

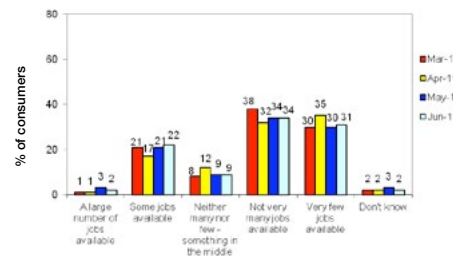
The opinion of consumers on the present economic and employment situations – whether ‘bad’ or ‘good’ – have remained largely stable since last month with the majority continuing to believe that current economic and employment situations are ‘bad’.



Chart 2 – Present Situation Index



UK Employment Situation – Current



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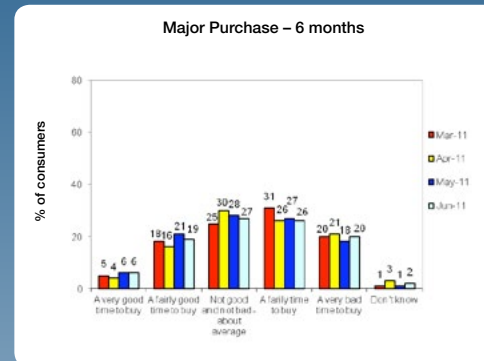
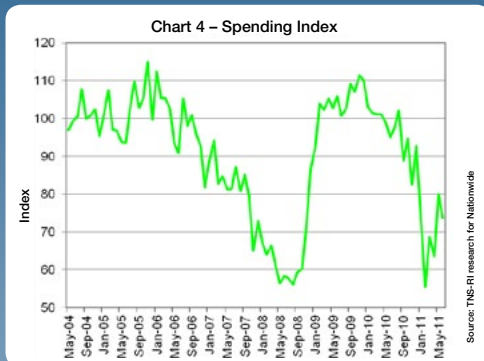
## The Spending Index

### Consumer attitude towards spending dwindling in June

The Spending Index dropped by 6 points to close at 74 this month, not miles from its long run average, indicating the stabilisation of consumer attitude to spending in the UK.

Disposition towards both major and household purchases dipped slightly this month, although the latter took a slight lead in

driving the change in this indices course of movement. This may be attributed to the spending spirit of consumers being slightly dampened once the promotions by several retailers ended after the extended bank holiday period in April.



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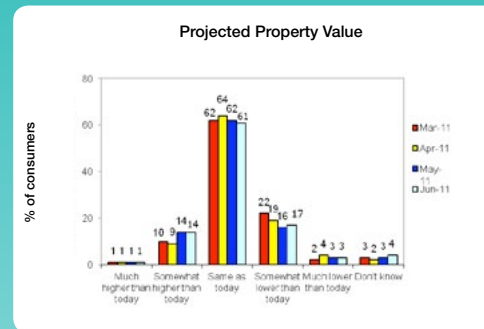
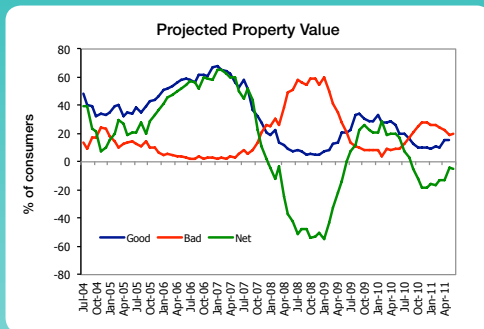
## House price expectations and property value

Consumers expect the housing market to stabilise in the second half of the year

Consumers expect house prices to remain the same over the next six months, avoiding a negative prediction for the first time since August 2010.

In June, 1 in 7 consumers continued to expect property prices to be 'much higher' or 'somewhat higher' than today

with majority (61% – down 1% since May) believing that they will remain the same as today. This coupled with the fact that less than 1 in 5 consumers feel that property prices will be 'somewhat' or 'much lower than today' has caused the easing off of the negative prediction of declining property value.



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## Historic scores

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

	2004						2010						2011													
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Nationwide Consumer Confidence Index	96	62	59	64	55	54	47	56	50	41	46	44	55	51	50	48	47	46	45	44	43	42	41	40	39	38
Present Situation Index	98	25	27	28	23	27	22	25	24	21	22	20	23	23	22	21	20	19	18	17	16	15	14	13	12	11
Expectations Index	94	87	80	88	77	73	64	76	67	54	62	60	77	70	68	67	66	65	64	63	62	61	60	59	58	57
Spending Index	97	95	98	102	89	95	83	93	73	56	69	64	80	74	72	71	70	69	68	67	66	65	64	63	62	61

Consumer responses (non-seasonally adjusted)

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

UK Economic Situation - Current														
Good	45%	6%	6%	6%	6%	7%	7%	7%	6%	5%	5%	5%	8%	7%
Neither good nor bad	31%	22%	25%	30%	27%	28%	24%	29%	27%	20%	23%	25%	28%	27%
Bad	20%	72%	68%	62%	65%	64%	69%	63%	67%	75%	70%	69%	64%	66%
Don't know	4%	1%	1%	1%	1%	1%	1%	1%	1%	0%	1%	1%	1%	1%

UK Employment Situation - Current														
Many/some jobs available	66%	28%	28%	27%	25%	28%	22%	23%	24%	21%	22%	18%	24%	24%
Neither many nor few	10%	9%	9%	11%	12%	11%	13%	12%	11%	8%	8%	12%	9%	9%
Not many/few jobs available	20%	61%	60%	58%	60%	58%	64%	63%	63%	69%	68%	67%	64%	65%
Don't know	5%	3%	3%	3%	2%	3%	2%	3%	2%	2%	2%	2%	3%	2%

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

UK Economic Situation - six months' time														
Good	15%	27%	23%	26%	22%	23%	19%	21%	17%	14%	18%	18%	24%	19%
Neither good nor bad	50%	47%	46%	47%	46%	47%	42%	45%	44%	42%	41%	41%	48%	50%
Bad	30%	24%	28%	26%	31%	29%	38%	32%	36%	42%	38%	39%	26%	30%
Don't know	5%	2%	2%	2%	2%	2%	1%	1%	2%	2%	2%	2%	2%	2%

UK Employment Situation - six months' time														
Many/some jobs available	57%	23%	24%	23%	20%	27%	19%	20%	22%	18%	19%	21%	25%	23%
Neither many nor few	17%	21%	17%	21%	20%	18%	19%	21%	20%	17%	16%	20%	18%	19%
Not many/few jobs available	21%	53%	57%	54%	58%	55%	62%	56%	58%	63%	63%	58%	56%	56%
Don't know	4%	1%	2%	2%	2%	1%	1%	2%	2%	1%	2%	2%	1%	2%

Household income - six months' time														
Higher	26%	15%	14%	12%	17%	14%	13%	15%	13%	14%	14%	15%	13%	13%
Same	65%	68%	64%	72%	65%	67%	65%	66%	66%	66%	65%	65%	71%	69%
Lower	9%	15%	21%	15%	16%	19%	20%	17%	19%	20%	20%	19%	15%	15%
Don't know	1%	2%	1%	1%	2%	1%	2%	2%	2%	1%	1%	1%	2%	2%

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%	29%	25%	30%	25%	27%	22%	25%	22%	17%	23%	20%	27%	25%
Neither good nor bad	27%	29%	34%	31%	31%	31%	31%	28%	25%	28%	25%	30%	28%	27%
Bad time to buy	45%	40%	39%	38%	43%	40%	44%	46%	51%	54%	51%	47%	45%	46%
Don't know	1%	2%	3%	2%	2%	2%	3%	1%	2%	1%	1%	3%	1%	2%

Spending confidence - Household goods e.g. white/brown goods														
Good time to buy	58%	37%	40%	40%	35%	35%	31%	43%	35%	21%	23%	24%	30%	27%
Neither good nor bad	33%	50%	46%	46%	50%	51%	51%	41%	40%	51%	51%	52%	51%	51%
Bad time to buy	7%	11%	11%	12%	12%	13%	16%	15%	22%	26%	22%	22%	18%	20%
Don't know	1%	2%	2%	2%	2%	2%	2%	1%	2%	3%	3%	2%	1%	2%

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 June, the TNS Research International research for Nationwide took place from 23rd May 2011 to 26th June 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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