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# The Nationwide Consumer Confidence Index

## Consumer confidence holds steady in April

Consumer confidence remained consistent this month. Following March's 9 point drop to 73, the NCCI stayed around this level in April with just a slight increase to 74.

The slight improvement is mainly driven by more positive consumer sentiment toward the current employment situation and a small improvement in the expected

number of jobs available in the future. However, despite this, consumers displayed more pessimism over future income.

Belief surrounding the current economy also remained relatively stable. Although just 7% rated it as very or fairly good, the proportion of those rating it as fairly or very bad (61%) is at its lowest since July 2008, possibly a reflection of

consumer belief that the UK is out of recession.

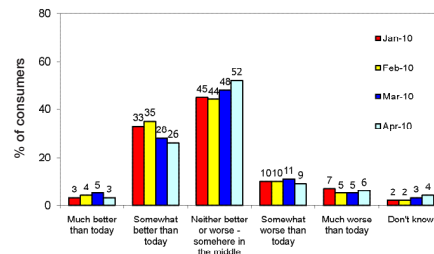
Yet these improvements are minimal and the stability from March to April could potentially be a cautious reaction to the release of the Labour Budget for 2010 and media coverage on the current UK deficit with the prospect of future cuts in spending. It could also be due to consumer uncertainty in the run up to the general election.



Chart 1 – Nationwide Consumer Confidence Index



UK Economic Situation – 6 months



It will extremely interesting to see the direction confidence takes in the coming months following the general election result with the announcement that the Conservatives and Liberal Democrats have formed a coalition government.

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## The Expectations Index

### Concerns over future earnings prompt drop in expectations

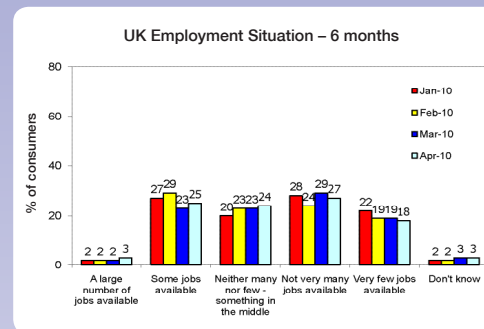
The Expectations Index fell 2 points to 104 in April, continuing the drop of 12 points seen in March and reaching the lowest score since August last year (103).

Consumer feelings on the future economy remained fairly steady and expectations for the future employment situation improved slightly, with the proportion thinking there would be some or many jobs available in 6 months' time up 3% to 28%.

However consumer concerns over future earnings worsened and appear to have driven the decrease in the Expectations Index, as the proportion of consumers believing their household income will be lower in 6 months' time compared to today dropped slightly (13% compared with 11% in March).

This continued decline in the Expectations Index could be a result of consumer expectations switching focus from optimism

that the UK is no longer in a recession to speculation over future prospects surrounding the general election and potential plans to be put in place by the new government.



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## The Present Situation Index

### April regains positivity after a dip in March

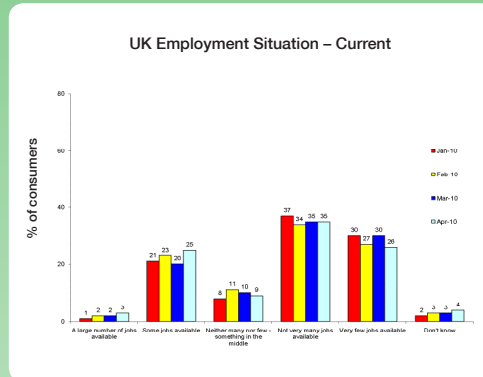
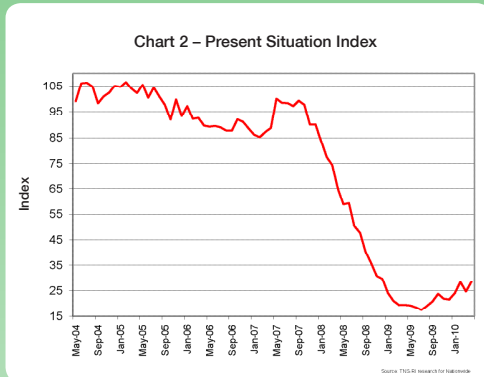
At 28 in April, the Present Situation Index recovered from the dip recorded in March and returns to the level seen in February this year.

The rise follows a slight improvement in feelings towards the current economic situation with fewer describing it as very or fairly bad (down from 64% to 62%). In addition, sentiment towards the current employment situation was

considerably better in April with the proportion of people thinking there are currently some or many jobs available up from 22% to 28%, the highest since November 2008.

Current consumer positivity is driving a continued improvement in the index following its lowest point in July last year (18), but whilst confidence currently appears to be growing steadily over time,

the events of the past month may impact on coming waves as a reflection on how well the new government is performing in its first few months.



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## The Spending Index

### Steady consumer sentiment towards spending

The Spending Index fell just a point in April to 96, showing steady signs following the decline recorded from November 2009 to February this year.

The stability in the index comes from little movement in consumer feelings toward spending at this time. Only slightly fewer consumers think now is a good time to make major purchases, such as a house

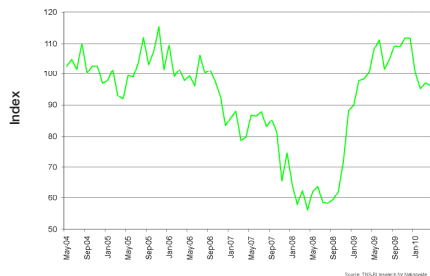
or a car (down 2% to 30%). In contrast, those perceiving now as a good time to make household purchases, such as white or brown goods improved very slightly, up 1% to 36%.

The 2010 Budget announcement and pre-election caution could potentially have impacted consumer sentiment. If this is the case, the next few months will

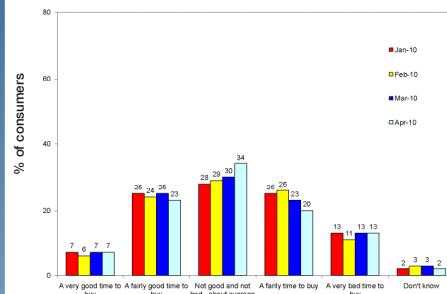
be interesting to see in terms of consumer willingness to spend, as household budgets are revised in light of expected changes to the tax structure following the election.



Chart 4 – Spending Index



Major Purchase – 6 months



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## House price expectations and property value

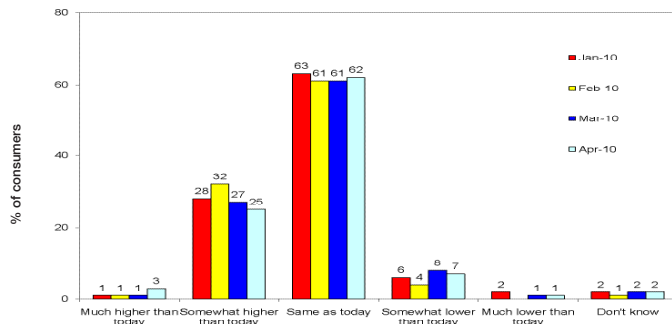
### Homeowners remain fairly optimistic about future property value

There was little change in homeowners' expectations over house prices in April. As in March, 28% thought the value of their property would be higher in 6 months' time and 8% perceived it would be lower (down from 9% in March).

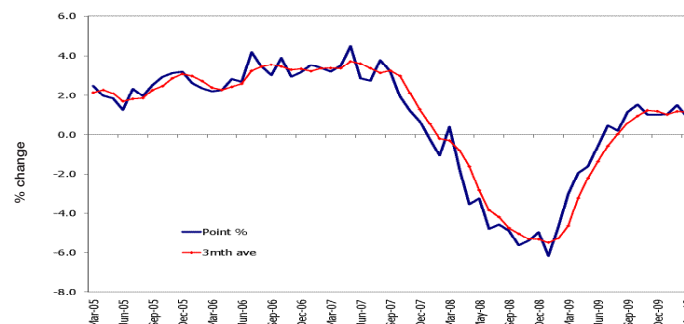
The net average change in expected property prices in 6 months' time stands at a 1.0% increase in value, slightly higher than seen in March.



Projected Property Value



Consumer House Price Forecast – Point Estimate



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## Historic scores

Nationwide Consumer Confidence Index (seasonally adjusted).

	2004				2005								2006			
	May	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr		
Nationwide Consumer Confidence Index	99	51	59	64	66	70	77	77	78	73	77	82	73	74		
Present Situation Index	99	19	19	19	18	19	21	24	22	22	24	28	25	28		
Expectations Index	100	72	85	95	98	103	114	113	115	108	112	118	106	104		
Spending Index	102	100	108	111	102	105	109	109	112	112	100	95	97	96		

Consumer responses (non-seasonally adjusted)

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

UK Economic Situation - Current													
Good	45%	5%	6%	4%	6%	5%	7%	10%	7%	6%	8%	8%	7%
Neither good nor bad	31%	15%	15%	18%	17%	22%	23%	21%	21%	20%	22%	25%	29%
Bad	20%	80%	77%	76%	75%	72%	69%	68%	70%	73%	69%	65%	62%
Don't know	4%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%

UK Employment Situation - Current													
Many/Some jobs available	66%	20%	20%	19%	16%	18%	23%	22%	22%	19%	22%	25%	28%
Neither many nor few	10%	8%	8%	8%	8%	9%	8%	9%	8%	9%	8%	11%	9%
Not many/few jobs available	20%	68%	68%	68%	74%	71%	66%	66%	67%	70%	67%	61%	61%
Don't know	5%	3%	4%	4%	3%	2%	3%	3%	3%	3%	2%	3%	4%

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

UK Economic Situation - 6 months' time														
Better than today	15%	26%	28%	33%	33%	34%	39%	42%	41%	34%	36%	39%	33%	29%
Same	50%	41%	42%	42%	44%	45%	42%	41%	43%	44%	45%	44%	48%	52%
Worse than today	30%	32%	28%	23%	21%	21%	18%	15%	14%	19%	17%	15%	16%	15%
Don't know	5%	2%	2%	3%	3%	1%	1%	2%	2%	3%	2%	2%	3%	4%

UK Employment Situation - 6 months' time														
Many/Some jobs available	57%	19%	22%	22%	20%	23%	27%	28%	27%	25%	29%	31%	25%	28%
Neither many nor few	17%	16%	18%	21%	18%	20%	21%	17%	18%	19%	20%	23%	23%	24%
Not many/few jobs available	21%	62%	57%	54%	60%	56%	50%	52%	52%	53%	50%	43%	48%	45%
Don't know	4%	3%	3%	2%	2%	1%	2%	3%	3%	2%	2%	2%	3%	3%

Household income - 6 months' time														
- Higher	26%	14%	14%	13%	16%	14%	18%	17%	15%	17%	17%	19%	18%	17%
- Same	65%	70%	70%	71%	68%	72%	70%	71%	73%	69%	69%	69%	69%	69%
- Lower	9%	15%	15%	15%	14%	13%	10%	11%	11%	13%	13%	10%	11%	13%
- Don't know	1%	2%	1%	1%	2%	2%	1%	1%	1%	1%	1%	1%	2%	1%

Spending: consumer's 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%	42%	39%	40%	35%	33%	39%	36%	37%	35%	32%	30%	32%	30%
- Neither good nor bad	27%	19%	20%	21%	19%	23%	22%	25%	26%	25%	28%	29%	30%	34%
- Bad time to buy	45%	38%	38%	38%	43%	40%	37%	37%	34%	38%	38%	37%	36%	33%
- Don't know	1%	2%	3%	2%	2%	2%	5%	1%	2%	2%	2%	3%	3%	2%

Spending confidence - Household goods e.g. white/brown goods														
- Good time to buy	58%	42%	41%	42%	40%	39%	42%	39%	39%	42%	45%	39%	35%	36%
- Neither good nor bad	33%	40%	39%	43%	41%	44%	42%	44%	44%	42%	41%	47%	47%	51%
- Bad time to buy	7%	15%	17%	13%	16%	13%	14%	15%	15%	13%	12%	13%	13%	11%
- Don't know	1%	2%	3%	2%	3%	3%	2%	3%	3%	2%	2%	3%	3%	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 April, the TNS Research International research for Nationwide took place from 22 March 2010 to 18 April 2010 with 1,001 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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