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The Nationwide Consumer Confidence Index

Following 5 months of decline, overall consumer confidence has seen a small improvement in November on a seasonally adjusted basis

Following 5 months of decline, overall consumer confidence has seen a small improvement in November on a seasonally adjusted basis. Whilst it continues to sit at one of the lowest levels in the history of the Index, the Index gained a moderate 4

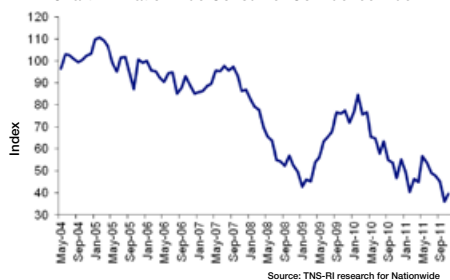
points this month to stand at 40 points. Whilst the Eurozone crisis continued to dominate the news headlines, recent news of the UK economy growing by 0.5% in Q3 against most expectations and the 0.2% fall in CPI annual inflation figures appear to have had some

positive psychological effect on UK consumers.

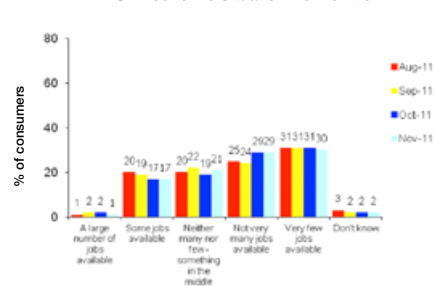
Although the NCCI gained a moderate 4 points in November, it currently sits at the second lowest score – 40 – in the history of the Index. Uncertainty remains amongst consumers. Expectations regarding current employment and future economic conditions remain pessimistic, whilst feelings on current economic conditions and improved future expectations for employment and household income have contributed to the improvement in the NCCI.



Chart 1 – Nationwide Consumer Confidence Index



UK Economic Situation – 6 Months



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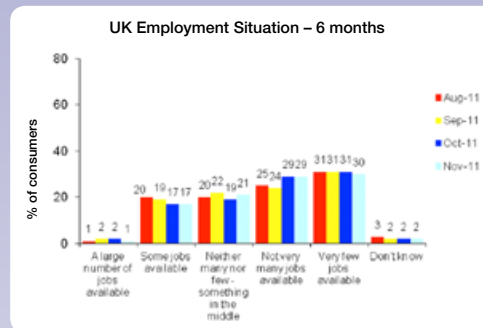
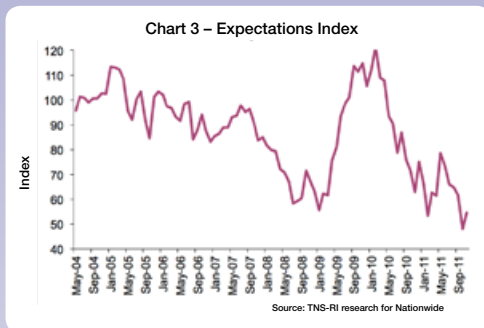
The Expectations Index

The Expectations Index continued to post weak results in November

Maintaining its volatile streak, the seasonally adjusted Expectations Index has recorded increase of 7 points this month to close at 55, although the non-adjusted Index score remained at the same level as October. Moreover, the seasonally adjusted score is a significant 60 points below the Index score two years ago.

This nominal improvement may be attributable to the cautious optimism from the Government's injection of £75 billion into the UK economy may provide more favourable conditions in the next 6 months and also the slight reduction seen in headline inflation rates – which had been predicted by the Bank of England.

However, the effects of the recently announced Government plans to boost economic growth in the UK on consumer confidence remain to be seen.



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The Present Situation Index

The Present Situation Index was stable in November, following a couple of months of marginal declines

The Present Situation Index was stable in November, following a couple of months of marginal declines, although it continues to sit at the second lowest level in the history of the Index at 18 points.

Marginally lower inflation rates – 5% in October compared to 5.2%

in September – together with better than expected growth rate of 0.5% for Q3 2011 may have lent some stability to the PSI, although consumers remain concerned about the impact of economic events in both the UK and in Europe.

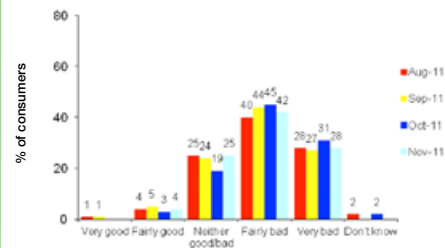


Chart 2 – Present Situation Index



Source: TNS-RI research for Nationwide

UK Economic Situation – Current



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The Spending Index

The Spending Index continued to maintain its comparatively stronger performance this month, gaining 2 points to close at 77

The Spending Index continued to maintain its comparatively stronger performance this month, gaining 2 points to close at 77.

This marginal improvement was solely due to the enhanced disposition towards household purchases, largely due to

consumers being more inclined to take advantage of the discounting activity instigated by white and brown goods retailers prior to the Christmas period.

As for major purchases, while one quarter of the consumers continue to consider now to be a good

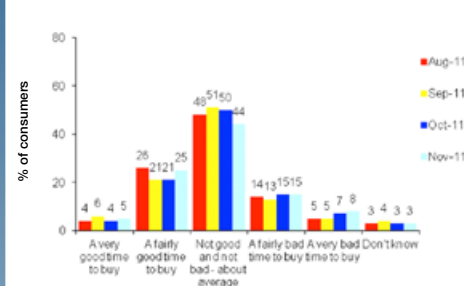
time to buy a flat/house or car, half disagree and in fact believe it's a 'bad' time for such purchases.



Chart 4 – Spending Index



Household Goods – 6 months



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House price expectations and property value

Consumers' expectation of house prices continues to be depressed for the fourteenth consecutive month

Despite the protracted period of negative house prices forecast, the depressed sentiments are likely to continue for the foreseeable future. This is likely to be a reaction

to the combined elements of low confidence in the economy, continued tightened lending criteria and general access to credit for the UK consumer.

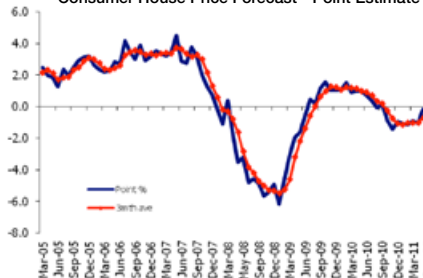


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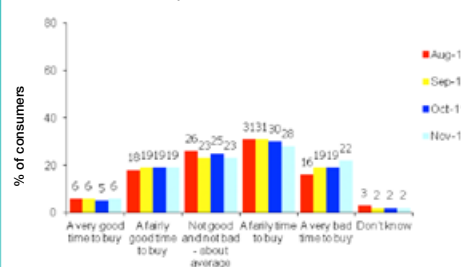
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Consumer House Price Forecast - Point Estimate



Major Purchases - 6 months





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Historic scores

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

	2004		2010			2011								
	May	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Nationwide Consumer Confidence Index	97	47	55	49	41	46	45	57	54	49	48	45	36	40
Present Situation Index	98	22	25	24	21	22	20	24	25	23	23	21	18	18
Expectations Index	96	63	75	66	53	63	61	79	73	66	65	62	48	55
Spending Index	99	82	92	72	55	69	65	82	77	72	78	77	75	77

Consumer responses (non-seasonally adjusted)

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

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

UK Employment Situation - Current														
Many/some jobs available	66%	22%	23%	24%	21%	22%	18%	24%	24%	23%	24%	24%	23%	19%
Neither many nor few	10%	13%	12%	11%	8%	8%	12%	9%	9%	8%	10%	12%	10%	11%
Not many/few jobs available	20%	64%	63%	63%	69%	68%	67%	64%	65%	66%	63%	62%	65%	68%
Don't know	5%	2%	3%	2%	2%	2%	2%	3%	2%	2%	4%	2%	2%	2%

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

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

UK Employment Situation - six months' time														
Many/some jobs available	57%	19%	20%	22%	18%	19%	21%	25%	23%	21%	21%	21%	19%	18%
Neither many nor few	17%	19%	21%	20%	17%	16%	20%	18%	19%	20%	20%	22%	19%	21%
Not many/few jobs available	21%	62%	56%	58%	63%	63%	58%	56%	56%	57%	56%	55%	60%	59%
Don't know	4%	1%	2%	2%	1%	2%	2%	1%	2%	1%	3%	2%	2%	2%

Household income - six months' time														
Higher	26%	13%	15%	13%	13%	14%	15%	13%	13%	12%	13%	12%	13%	13%
Same	65%	65%	66%	66%	66%	65%	65%	71%	69%	67%	66%	70%	67%	69%
Lower	9%	20%	17%	19%	20%	20%	19%	15%	15%	20%	19%	16%	19%	18%
Don't know	1%	2%	2%	2%	1%	1%	1%	2%	2%	2%	2%	2%	1%	1%

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

Spending confidence - Household goods e.g. white/brown goods														
Good time to buy	58%	31%	43%	35%	21%	23%	24%	30%	27%	28%	30%	27%	25%	30%
Neither good nor bad	33%	51%	41%	40%	51%	51%	52%	51%	51%	47%	48%	51%	50%	44%
Bad time to buy	7%	16%	15%	22%	26%	22%	22%	18%	20%	22%	19%	18%	22%	23%
Don't know	1%	2%	1%	2%	3%	3%	2%	1%	2%	3%	3%	4%	3%	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 November, the TNS Research International research for Nationwide took place from 24th October to 20th November 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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