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Consumer Confidence Confidence falls to its lowest registered level

The Nationwide Consumer Confidence Index fell 6 points to 50 in November.

The fall is on account of decreased levels of confidence in all constituent parts of the Index – the current and future economic and employment situations, and perceptions on future household income.

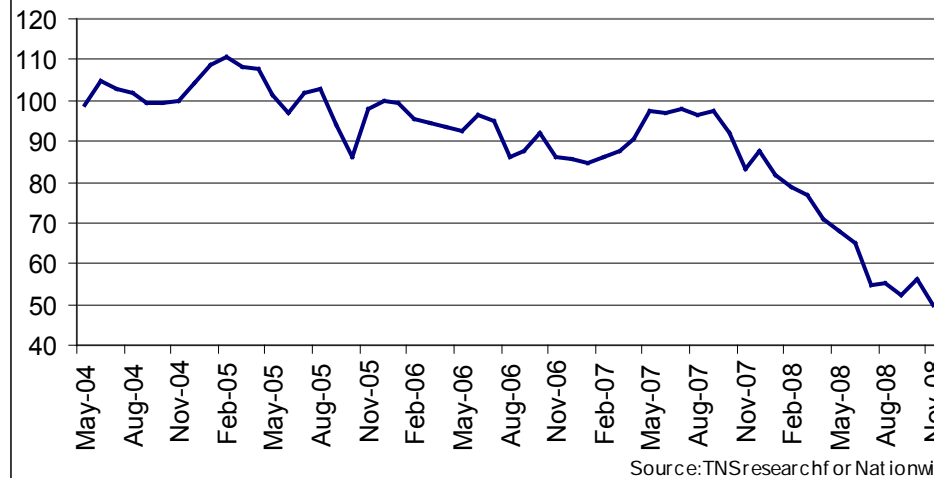
This fall more than reverses the positive movement seen in October, when we reported the first rise in Consumer Confidence since December 2007.

These falls have meant that both the Present Situation Index and the Expectations Index have also fallen in November.

However, there was positive news on spending and house price expectations, as shown on the next pages.



Chart 1 - Nationwide Consumer Confidence Index



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The Spending Index Consumers positive about big purchases

The Spending Index rose 8 points in November as positive sentiment was expressed by consumers on the topic of making major purchases. However, consumers are less clear with household purchases where confusion and uncertainty have prevailed, shown via a rise in the proportion reporting the current situation to

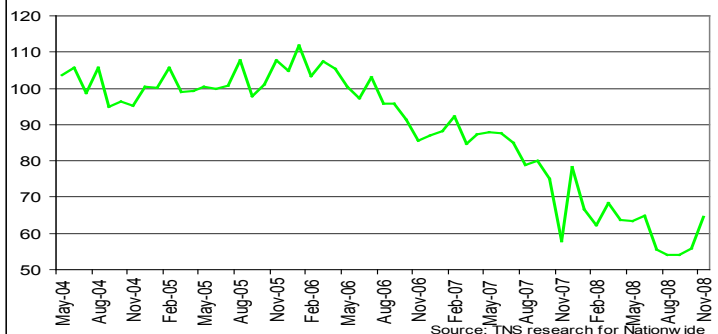
buy household goods only being around average.

Those saying it is a good or very good time to make a major purchase, such as a house or car, rose from 18% in October to 26% in November – the largest rise seen since measuring began in May 2004.

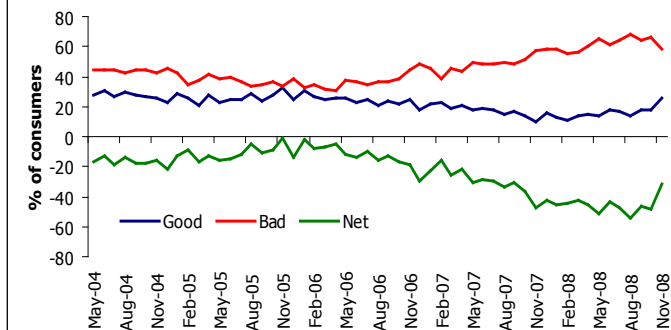
This rise was in spite of a fall in confidence on household purchases. The proportion of consumers thinking it's a good time to make household purchases has fallen 1%, but at the same time, 1% fewer have registered their belief that it's a bad time to buy, showing increased uncertainty in this area.



Chart 4 - Spending Index



Major Purchase - 6 months



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House price expectations and property value Consumers more upbeat about their house prices

In line with the increased show of confidence in spending, particularly around the topic of major purchases like houses and cars, expectations about house prices over the next six months showed a slight improvement in November.

This could mean that consumers

think that house price falls will soon turn to rises and as such, now is a good time to buy.

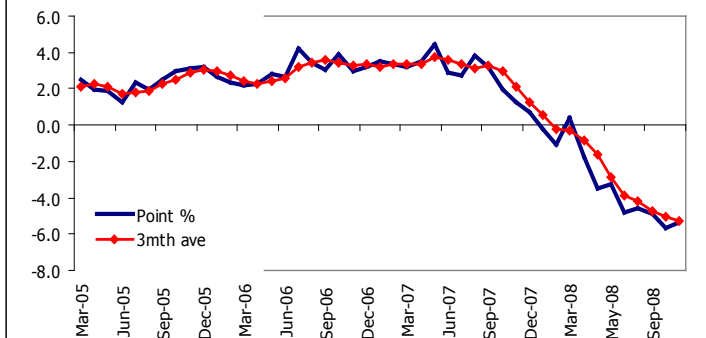
Consumers now expect prices to fall by 5.4% over the next six months, compared to 5.6% in October. Though this is just below the 3 month average of -5.3%, it is reassuring to see

some confidence coming back to consumers.

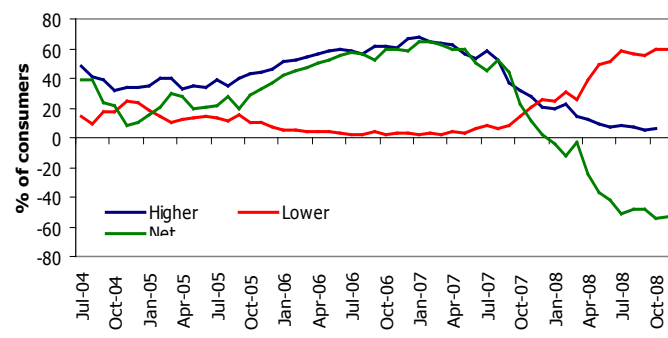
There was a 1% rise in the number of respondents who felt their house price would be higher or much higher in 6 months time than it is today, and 2% fewer thinking the price would be lower or much lower.



Consumer House Price Forecast - Point Estimate



Projected Property Value



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The Present Situation Index Confidence in the present situation falls 5 points

Reflecting the fall in confidence levels in the current economic and employment situations, the Present Situation Index fell 5 points to 30 in November.

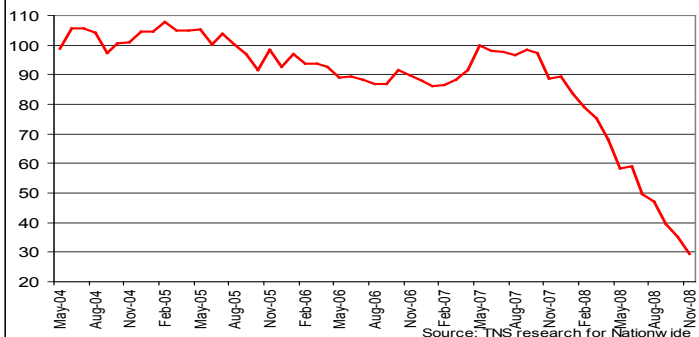
The worse of the two is the employment situation. The driving force behind the fall is the employment situation, where 7%

fewer consumers (30%) believe there to be a large number or even some jobs available compared to October. Another 2% fewer (15%) think there will be around the same amount, demonstrating a shift towards the view that there are not very many or very few jobs available.

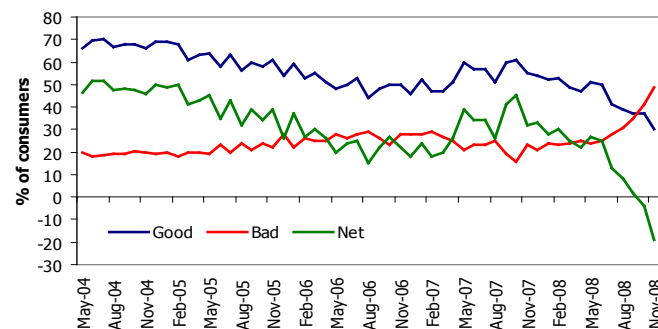
The current economic situation by comparison is not so bad. In November, we did see a greater proportion of consumers saying the situation is somewhat or very bad, but there was an identical rise (both 1%) in the number saying the situation is somewhat or very good, cancelling out the movement.



Chart 2 - Present Situation Index



UK Employment Situation - Current



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The Expectations Index Confidence looking forward drops 7 points

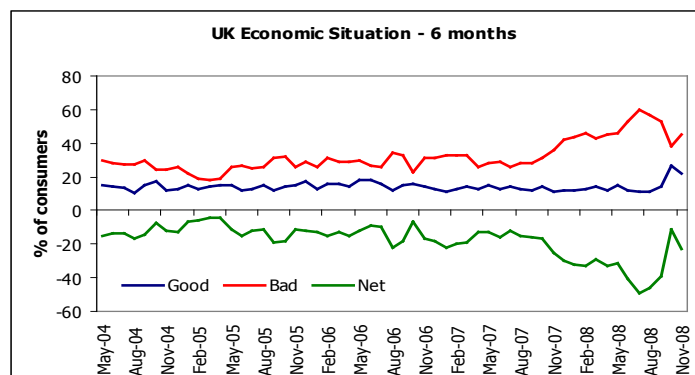
Like the Present Situation Index, the Expectations Index was also affected by the drop in overall confidence, falling 7 points to 63.

However, unlike the Present Situation Index the main fall looking forward was the economic situation. In comparison to October, November saw 5% fewer respondents (22%) think the

economic situation will be much or somewhat better than today. Furthermore the number thinking the situation will be somewhat or much worse than today rose by 7% to 45%.

Whilst sentiment on the future employment situation did deteriorate in November, the fall was less dramatic. 59%

of consumers (up from 56% in October) think there will not very many or very few jobs available in 6 months time. The proportion who believe there will be some or a large number of jobs available fell 1% to 21%.



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Nationwide Consumer Confidence Index

Issue - December 2008



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

	2004 May	2007 Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	2008 Nov
Nationwide Consumer Confidence Index	99	83	88	82	79	77	71	68	65	55	55	52	56	50
Present Situation Index	99	89	89	84	79	75	68	58	59	50	47	40	35	30
Expectations Index	99	80	86	80	79	78	73	74	69	58	61	61	70	63
Spending Index	104	58	78	67	62	68	64	63	65	56	54	54	56	64

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		28%	10%	16%	13%	11%	14%	15%	14%	18%	17%	14%	18%	18%	26%
- Good time to buy	28%	10%	16%	13%	11%	14%	15%	14%	18%	17%	14%	18%	18%	26%	
- Neither good nor bad	27%	28%	24%	27%	31%	27%	23%	19%	18%	16%	15%	14%	14%		
- Bad time to buy	45%	57%	58%	58%	55%	56%	60%	65%	61%	64%	68%	64%	66%	58%	
- Don't know	1%	4%	2%	2%	3%	3%	2%	2%	2%	1%	2%	2%	2%	2%	

Spending confidence - Household goods e.g. white/brown goods		58%	35%	35%	44%	36%	33%	27%	29%	28%	25%	28%	26%	29%	28%
- Good time to buy	58%	35%	35%	44%	36%	33%	27%	29%	28%	25%	28%	26%	29%	28%	
- Neither good nor bad	33%	49%	48%	40%	49%	52%	56%	50%	49%	51%	46%	49%	41%	43%	
- Bad time to buy	7%	11%	14%	11%	12%	11%	12%	16%	20%	21%	23%	21%	27%	26%	
- Don't know	1%	5%	3%	4%	3%	3%	5%	4%	3%	3%	3%	3%	3%	3%	

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

UK Economic Situation - Current		45%	34%	33%	31%	25%	25%	17%	14%	11%	9%	10%	8%	9%
- Good	45%	34%	33%	31%	25%	25%	17%	14%	11%	9%	10%	8%	9%	
- Normal	31%	42%	40%	41%	39%	41%	42%	32%	26%	25%	23%	16%	15%	
- Bad	20%	21%	24%	25%	34%	32%	39%	52%	52%	61%	65%	66%	76%	
- Don't know	4%	3%	2%	3%	2%	2%	2%	2%	1%	1%	1%	1%	1%	

UK Employment Situation - Current		66%	55%	54%	52%	53%	49%	47%	51%	50%	41%	39%	37%	30%
- Many/Some jobs available	66%	55%	54%	52%	53%	49%	47%	51%	50%	41%	39%	37%	37%	30%
- Neither many nor few available	10%	16%	17%	18%	18%	21%	23%	19%	19%	25%	22%	20%	17%	15%
- Not many/few jobs available	20%	23%	21%	24%	23%	24%	25%	24%	25%	28%	31%	35%	41%	49%
- Don't know	5%	7%	8%	5%	6%	6%	6%	7%	5%	6%	8%	7%	6%	6%

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

UK Economic Situation - 6 months' time		15%	11%	12%	12%	13%	14%	12%	15%	12%	11%	14%	27%	22%
- Better than today	15%	11%	12%	12%	13%	14%	12%	15%	12%	11%	14%	27%	22%	
- Same	50%	47%	41%	39%	36%	40%	37%	33%	32%	25%	28%	30%	31%	30%
- Worse than today	30%	36%	42%	44%	46%	43%	45%	46%	53%	60%	57%	53%	38%	45%
- Don't know	5%	6%	5%	5%	5%	4%	5%	5%	3%	3%	4%	3%	4%	3%

UK Employment Situation - 6 months' time		57%	42%	44%	36%	39%	38%	32%	35%	37%	28%	28%	25%	22%	21%
- Many/Some jobs available	57%	42%	44%	36%	39%	38%	32%	35%	37%	28%	28%	25%	22%	21%	
- Neither many or few available	17%	25%	26%	26%	25%	25%	32%	25%	26%	26%	21%	21%	18%	17%	
- Not many/few jobs available	21%	27%	24%	32%	31%	31%	30%	31%	34%	42%	47%	48%	56%	59%	
- Don't know	4%	6%	6%	6%	6%	6%	5%	8%	3%	4%	4%	5%	3%	3%	

Household Income - 6 months' time		26%	26%	28%	27%	24%	25%	24%	21%	16%	17%	17%	16%	15%	16%
- Higher	26%	26%	28%	27%	24%	25%	24%	21%	16%	17%	17%	16%	15%	16%	
- Same	65%	63%	60%	61%	63%	61%	62%	62%	69%	65%	66%	68%	69%	65%	
- Lower	9%	9%	11%	10%	11%	12%	13%	15%	14%	16%	16%	14%	14%	16%	
- Don't know	1%	2%	1%	1%	1%	3%	1%	2%	1%	2%	1%	3%	2%	3%	

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

The NCCI is based on a similar approach to that used by the US Conference Board which produces the highly regarded US Consumer Confidence Index which has run since 1967 and is widely acknowledged as being a key economic indicator.

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 for Nationwide took place from 20 October to 16 November 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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