

Nationwide CONSUMER CONFIDENCE INDEX

in partnership with TNS-RI



March 2012

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www.nationwide.co.uk/consumer_confidence

Confidence jumps to nine month high

Nationwide Building Society, the UK's third largest mortgage and second largest savings provider, in conjunction with TNS-RI, today releases its Consumer Confidence Index for March 2012.

Index up by nine points in March

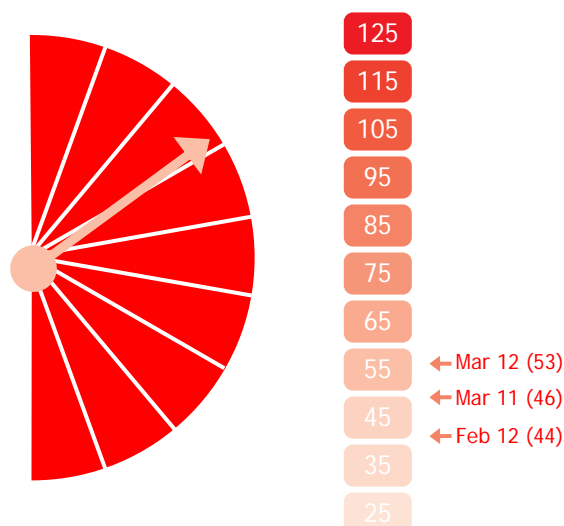
- The main Confidence Index increased by nine points in March to 53, a nine month high and seven points higher than at the same time last year.
- The main Index remains 23 points below its long run average of 76.
- All indices saw an improvement with the largest increase seen in the Expectations Index (+13).

Spending on household goods grows

- Sentiment towards spending on household goods rose and a slightly lower proportion expressed reservations about making major purchases.
- Just over a quarter (26%) of respondents considered this to be a good time to make major purchases, the highest reading for ten months, though 41% still see it as a bad time for major purchases.

	Mar 12	Feb 12
Nationwide Consumer Confidence Index	53	44
Present Situation Index	24	19
Expectations Index	73	60
Spending Index	86	78

Note: seasonally adjusted



Robert Gardner, Nationwide's Chief Economist, said:

"Much of the survey-based data has painted a more upbeat picture of the UK economy than official data in recent months - March's Consumer Confidence Index continues that trend. The main Index jumped nine points in March, which is at odds with the challenging economic backdrop, with the UK economy tipping back into recession in the first three months of the year.

"The consumer confidence Index has been fairly volatile from month to month, but since reaching an all time low in September last year the trend has generally been towards increased confidence. It may be that the general decline in inflation from the recent highs of 5.2% last September to 3.5% in March has helped to support spending power and therefore lift consumers' spirits over the past six months.

"But with the economy expected to gather pace only slowly, the improvement in confidence may prove short-lived. Indeed, the sharp falls in inflation seen at the start of the year are unlikely to be repeated in the near-term, with inflation likely to fall back towards the

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2% target only slowly. As a result, the easing price pressures will be less visible to households in the months ahead than at the start of the year.

"Moreover, the apparent improvement in sentiment over the past six months should be kept in perspective. The main Confidence Index remains more than twenty points below its long-run average, suggesting that households are still cautious.

Expectations improve during the month

"Peoples' assessment of their current situation and their expectations both improved, during the month. The Expectations Index is typically the most volatile of the three component indices, reflecting the unusually uncertain environment facing consumers at present.

"Sentiment towards spending on household goods improved in March with the Index recording an eight point jump, sitting 17 points higher than at the same time last year. Despite this, the number of people looking to purchase household goods remains relatively unchanged over the last month.

"Given the continuing economic uncertainty, it is no surprise that consumers on the whole continue to remain cautious about making major purchases, with 41% of respondents viewing it as a bad time to make a major purchase. Despite this, reservations eased slightly over the month with just over a quarter of respondents (26%) considering this to be a good time for such purchases, the highest percentage for ten months."

Report month	% change over next six months
Mar-11	-0.9
Apr-11	-1.1
May-11	-0.2
June-11	-0.3
July-11	-0.4
Aug-11	-1.3
Sep-11	-0.8
Oct-11	-0.6
Nov-11	-1.1
Dec-11	-1.3
Jan-12	-0.9
Feb-12	-0.7
Mar-12	-0.1

For a full breakdown of historical data for the Nationwide Consumer Confidence Index, in conjunction with TNS-RI, since May 2004 visit:

www.nationwide.co.uk/consumer_confidence/data_download

To view the Nationwide House Price Index, including historical figures and reports, visit:

www.nationwide.co.uk/hpi

Consumer expectations: UK house prices

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Nationwide Consumer Confidence Index

The Nationwide Consumer Confidence Index grew by nine points in March from 44 to 53 (research took place from 20 February to 25 March 2012).

Chart 1 - Nationwide Consumer Confidence Index

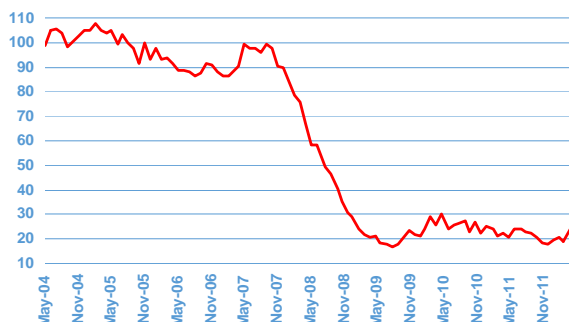


Sub-Indices

In addition to the main Consumer Confidence Index, Nationwide Building Society compiles three other indices: Present Situation Index, Expectations Index and Spending Index.

Present Situation Index (Chart 2): reflects sentiment about the current economic and employment situation. This Index grew by six points to 24 in March. The proportion of consumers that believe the current economic situation is bad declined by six percentage points during the month to 67%. The percentage of consumers who believe there are not many or few jobs available declined by five percentage points to 66%.

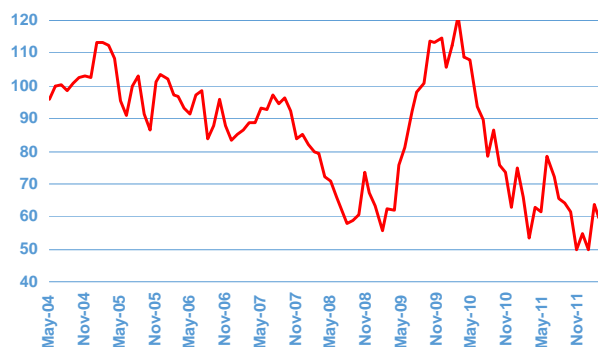
Chart 2 - Present Situation Index



Expectations Index (Chart 3): reflects sentiment about the economy, labour market and household income over the next six months. This Index grew by 13 points to 73 in March. The proportion of people who believe the economic situation will be better than today in six months time grew by seven percentage points to 19% in March. The percentage of people who believe their

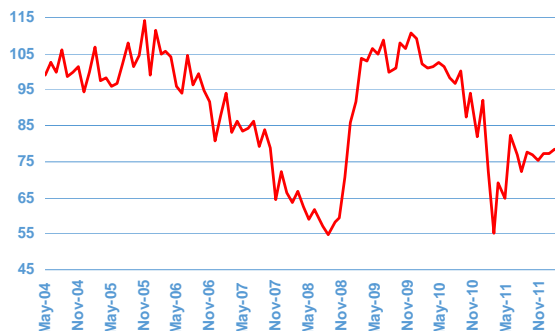
household income will be higher in six months' time remained flat at 14%.

Chart 3 - Expectations Index



Spending Index (Chart 4): reflects sentiment about spending on household goods and major purchases. The Spending Index grew by eight percentage points to 86% in March. The percentage of consumers that believe now is a good time to make a major purchase grew in March to 26%. The proportion of consumers who believe now is a good time to purchase household goods remained flat at 31%.

Chart 4 - Spending Index



The Nationwide Consumer Confidence Index:

The Nationwide Consumer Confidence Index (NCCI) is compiled in partnership with TNS-RI, the market research group that conducts the research for the US Index.

The NCCI Index was first published in May 2004.

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.

For past reports and methodology see:
www.nationwide.co.uk/consumer_confidence

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

	2004			2011							2012				
	May	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
Nationwide Consumer Confidence Index	97	47	45	57	53	49	48	45	36	40	38	47	44	53	
Present Situation Index	99	22	21	24	24	23	23	21	18	18	19	21	19	24	
Expectations Index	96	63	62	79	72	66	64	62	48	55	50	64	60	73	
Spending Index	99	69	65	82	77	72	78	77	75	77	77	79	78	86	

Consumer responses (non-seasonally adjusted)

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

UK Economic Situation - Current														
Good	45%	5%	5%	8%	7%	7%	5%	6%	3%	4%	3%	4%	3%	6%
Neither good nor bad	31%	23%	25%	28%	27%	23%	25%	24%	19%	25%	21%	23%	23%	25%
Bad	20%	70%	69%	64%	66%	70%	68%	71%	76%	70%	74%	71%	73%	67%
Don't know	4%	1%	1%	1%	1%	1%	2%	0%	2%	0%	1%	1%	1%	1%

UK Employment Situation - Current														
Many/some jobs available	66%	22%	18%	24%	24%	23%	24%	24%	23%	19%	21%	21%	19%	23%
Neither many nor few	10%	8%	12%	9%	9%	8%	10%	12%	10%	11%	9%	10%	9%	8%
Not many/few jobs available	20%	68%	67%	64%	65%	66%	63%	62%	65%	68%	70%	67%	71%	66%
Don't know	5%	2%	2%	3%	2%	2%	4%	2%	2%	2%	1%	2%	1%	3%

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

UK Economic Situation - six months' time														
Good	15%	18%	18%	24%	19%	16%	16%	15%	13%	13%	10%	15%	12%	19%
Neither good nor bad	50%	41%	41%	48%	50%	50%	46%	49%	47%	45%	46%	47%	53%	49%
Bad	30%	38%	39%	26%	30%	31%	36%	35%	38%	41%	43%	36%	33%	31%
Don't know	5%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

UK Employment Situation - six months' time														
Many/some jobs available	57%	19%	21%	25%	23%	21%	21%	21%	19%	18%	18%	19%	19%	21%
Neither many nor few	17%	16%	20%	18%	19%	20%	20%	22%	19%	21%	20%	21%	18%	19%
Not many/few jobs available	21%	63%	58%	56%	56%	57%	56%	55%	60%	59%	61%	58%	62%	57%
Don't know	4%	2%	2%	1%	2%	1%	3%	2%	2%	2%	1%	2%	1%	2%

Household income - six months' time														
Higher	26%	14%	15%	13%	13%	12%	13%	12%	13%	13%	13%	14%	14%	14%
Same	65%	65%	65%	71%	69%	67%	66%	70%	67%	69%	68%	66%	69%	69%
Lower	9%	20%	19%	15%	15%	20%	19%	16%	19%	18%	17%	18%	16%	16%
Don't know	1%	1%	1%	2%	2%	2%	2%	2%	2%	1%	1%	2%	1%	1%

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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%	23%	20%	27%	25%	23%	24%	25%	24%	25%	22%	23%	23%	26%
Neither good nor bad	27%	25%	30%	28%	27%	24%	26%	23%	25%	23%	24%	25%	27%	30%
Bad time to buy	45%	51%	47%	45%	46%	51%	47%	50%	49%	50%	50%	50%	48%	41%
Don't know	1%	1%	3%	1%	2%	2%	3%	2%	2%	2%	3%	3%	3%	4%

Spending Confidence – Household goods e.g. white/brown goods														
Good time to buy	58%	23%	24%	30%	27%	28%	30%	27%	25%	30%	31%	40%	31%	31%
Neither good nor bad	33%	51%	52%	51%	51%	47%	48%	51%	50%	44%	45%	40%	49%	48%
Bad time to buy	7%	22%	22%	18%	20%	22%	19%	18%	22%	23%	21%	16%	17%	18%
Don't know	1%	3%	2%	1%	2%	3%	3%	4%	3%	3%	3%	3%	3%	3%

Notes:

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.

All data shown as percentages in this report reflect consumer responses and are, therefore, not subject to seasonal adjustment.

Nationwide Consumer Confidence Index (non-seasonally adjusted). May 2004 = 100

	2004		2011							2012				
	May	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Nationwide Consumer Confidence Index	100	46	45	60	53	48	46	46	41	40	36	44	42	52
Present Situation Index	100	21	19	25	25	23	22	23	20	19	18	20	17	23
Expectations Index	100	62	63	83	73	64	62	62	54	54	48	60	59	72
Spending Index	100	69	68	83	78	71	77	78	73	76	74	81	78	86

Note to editors

Nationwide's Consumer Confidence Index is based on a monthly survey representative of the UK population. For March, the TNS-RI research for Nationwide took place research took place from 20th February and 25th March with 1,000 people.



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