UK Consumer Confidence falls to 13-year low as fears grow about recession

Contributed by Gfk NOP
Friday, 29 February 2008

Consumer Confidence drops to a thirteen year low.
- Confidence among UK Consumers has fallen to a 13-year low as fears grow about recession.
- The Index score this month is now at its lowest since December 1994, with a drop of four points to -17.
-

All five measures have recorded drops, including the major purchase index, which dropped six points to -19.Â Â Â Â

Rachael Joy in the Consumer Confidence team at GfK NOP commented:

"This monthâ€™s drop in Consumer Confidence comes in spite of the cut in interest rates earlier this month. Consumers are feeling a little less confident about their own personal finances and much less confident about the general economy as a whole. This may have been fuelled by the wide reporting on a housing market slowdown, high fuel and energy prices and rising food prices. These factors all squeeze budgets, causing Consumers to be much less confident about making major purchases. â€•

Consumer Confidence Measures â€“ February 2008

The four-point decrease in the overall index score this month â€“ now standing nine points lower that this time last year - has been caused by a drop across all five measures, particularly in the â€˜major purchasesâ€™ climate. The annual moving average has dropped to -8. Â Measure

Feb2008

Jan2008

Feb2007 Overall Index Score-17-13-8Personal Financial situation over last 12 months -1+20Personal Financial situation over next 12 months +6+7+10General Financial situation over last 12 months -40-36-33General Financial situation over next 12 months -29-26-21Climate for major purchases -19-13+4

Personal Financial Situation

The index measuring changes in personal finances during the last year has dropped by three points to a score of -1; this is one point lower than in February last year. There has also been a slight drop in the forecast for personal finances over the next year, which has come down one point to a score of +6; four points lower than in February â€™07.

General Economic Situation

The measure for the general economic situation of the country during the last twelve months dropped to a score of â€“40; this is seven points lower than February last year. This score has not been this low since April â€™93 when it was -51.

Expectations for the general economic situation over the next twelve months have dropped to -29; eight points lower than in February â€˜07. This score has not been this low since November â€™92, when it was -30.

Climate for Major Purchases

The major purchases measure has dropped by six points, from -13 to -19; this is a twenty-three points lower than in February â€™07. This level of depression has not been seen since December 1990 when the score was -21.

Savings Index

The â€˜now is a good time to saveâ€™ Index has dropped slightly by two points to +28; seven points lower than in February â€˜