Nationwide and TNS launch Consumer Confidence Index

Contributed by TNS
Thursday, 04 August 2005
Last Updated Thursday, 04 August 2005

The NCCI has been developed in partnership with TNS and is an accurate measure of both current and future economic trends.? It measures consumer views on the general economic situation in the UK, employment conditions and personal expectations both now and in six months' time.
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The top line findings from this month's report show:

Consumer confidence fell markedly in May and June 2005, following the General Election, but rose strongly in July, with confidence levels now at the same point as in May and June 2004.

Despite this month's rise, confidence is still at its second lowest point during 2005 (after a low of 95* in May) and as a result confidence is on the up but is still relatively fragile.

The increase in confidence suggest fears about the economy in recent months have not been realised and pessimism has started to evaporate.
This is strengthened by the idea that the Consumer Spending Index also rose to 113 this month? - after a small increase last month, and to its second highest level since September 2004 - indicating strong retail sales.

Nationwide forecasts a 90 per cent probability that the Bank of England will cut interest rates on Thursday.

* The Consumer Confidence Index uses 100 as its baseline figure - the level of consumer confidence in May 2004.? All indice figures reflect an increase or decrease in confidence in relation to the benchmark of 100.

The Nationwide Consumer Confidence Index
The NCCI replicates the highly regarded U.S. Consumer Confidence Index issued by the U.S. Conference Board which has run since 1967 and is widely acknowledged as being a key economic indicator.? The U.S. Index is monitored by the U.S. Federal Reserve and by business and economic commentators.? Indeed, the minutes of Julyâ€™s MPC meeting referred to the Conference Boardâ€™s Index.
The Nationwide Consumer Confidence Index uses the U.S. Conference Board methodology and is compiled in partnership with TNS, part of the same group that conducts the research for the U.S. Index.
Going forward, the Index will be published on the Wednesday before each monthly MPC meeting.

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