Nationwide Consumer Confidence Index in partnership with TNS

Contributed by TNS
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â€œConfidence Rises In Septemberâ€•

Consumer Confidence Increases
â€¢ Consumer confidence rose by six points to 71 in September.
â€¢ The Expectations Index increased by nine points to 106 in September.
â€¢ The Spending and Present Situation indices increased to 102 and 19 respectively in September.

Consumers Positive About The Future
â€¢ At 39%, the percentage of consumers who think the economic situation in six monthsâ€™ time will be better than it is today reached its highest level since the Index began (May 2004).
â€¢ Views about the future employment situation also continued to improve.

Present Situation Confidence Grows
â€¢ The percentage of those who believe the current economic situation to be bad dropped by three points in September to 69%.
â€¢ 23% believe there are currently many jobs available â€“ up from 18% in August.

Confidence continues to improve in September

Consumer confidence rises
The Nationwide Consumer Confidence Index rose by six points in September, increasing to 71 from 65 in August. The Index is now 24 points higher than it was a year ago.

All the sub-indices recorded a rise this month, with the Expectations Index increasing by nine points to 106 â€“ its highest level since December 2005.

While the Present Situation Index remains close to historically low levels, there was a small increase of two points from 17 to 19.

Likewise, the Spending Index continues to improve following a dip in July, and rose by three points in September to 102.

Mark Saddleton, Nationwideâ€™s head of economic and market analysis, said:
â€œSeptember saw a much stronger increase in overall confidence compared with recent months and the Index is now at its highest level since April 2008. Expectations for the future economic situation are also buoyant, with pessimism about the labour market situation starting to decrease.

The substantial rise in positive sentiment seen in the Expectations Index reflects widespread reports from various industry commentators recently suggesting that the worst of the recession is over. Such reports may have helped to improve sentiment in September, which may have also been boosted by continued positive news about the housing market and the strong rally seen in the equity markets in recent months.

However, consumersâ€™ assessment of the present situation is still fairly downbeat and, while they do appear to be optimistic for the future, it is likely that any recovery will continue to be sluggish as consumers adapt to the economic environment.â€•

Consumers are feeling positive about the futureâ€¦
Expectations about the economic and employment situation in six monthsâ€™ time continued to strengthen in September as consumers remain confident that conditions will improve in the future.

At 39%, the percentage of consumers who think the economic situation in six monthsâ€™ time will be better than it is today reached its highest level since the Index began (May 2004), and is now 22 points higher than at the start of the year (17%).

Likewise, the percentage of people questioned who think the economic situation will be worse than today dropped by three points to 18% â€“ the lowest it has been since March 2005 (18%).

Views about the future employment situation also continued to improve with 27% of people believing there will be more jobs available in six monthsâ€™ time.

This compares to the low of 15% seen at the start of the year, and is now at a similar level to that seen a year ago in September 2008 (25%).

â€¦and confidence slowly grows in the present situation
Consumers clearly remain concerned about the current economic situation, however, the percentage of those who believe it to be bad dropped by three points in September to 69%.

This compares to a high of 86% seen in February 2009. September also saw confidence grow in the current employment situation with an increase of five points to 23% for those who believe there are currently a large number or some jobs available.

However, two thirds (66%) still believe that there are currently not many or few jobs available â€“ a drop of 5% from the August figure (71%) but 31% higher than September 2008 (35%).

Attitudes towards spending also improve
The percentage of those who believe now is a good time to make a major purchase increased by six points during the month from 33% in August to 39%.

Likewise, there was an increase from 39% to 42% in people who believe now is a good time to buy white goods. Both had seen falls in August.

Expectations about house price rises over the next six months improved in September. Consumers now expect the value of their home to increase by 1.2% over the next six months, compared with 0.2% in August.

Nationwideâ€™s Consumer Confidence Index is based on a monthly survey representative of the UK population.

For September, the TNS research for Nationwide took place from 24 August 2009 to 20 September 2009 with 1,000 people.

NFO, now part of TNS, has worked with the US Conference Board since the inception of its consumer confidence index in1967.

www.nationwide.co.uk/consumer_confidence September 2009

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