Consumers Optimistic About Future, Says TNS-RI Nationwide Survey

Contributed by TNS
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Nationwide Consumer Confidence Index in partnership with TNS-RI

Confidence Remains Unchanged
â€¢ Consumer confidence remains unchanged on 72 points in October.
â€¢ Despite a two point fall to the Expectations Index, confidence in the future situation remains high when compared to historical scores.

â€¢ The Present Situation Index increases for the third month in a row to 22 points.
â€¢ No change recorded in the Spending Index during October.

Consumers Optimistic For The Future Of The Economy
â€¢ The Expectations Index recorded a two point fall in October but most consumers expect the economy to be the same or better in six monthsâ€™ time.
â€¢ Confidence in future household incomes fell back slightly.

Confidence Grows In The Current Economic Situation
â€¢ 10% of consumers in October believe the current economic situation to be good, up from 7% the previous month.
â€¢ The percentage of people who believe the current economic situation to be bad falls.
â€œConfidence steadies in Octoberâ€•

Martin Gahbauer, Nationwideâ€™s Chief Economist, said:
â€œWhile overall confidence among consumers remained static during October we did see some small adjustments to consumersâ€™ perceptions of current employment and economic conditions, and their expectations of where these will be in six monthsâ€™ time.

It was largely expected that official figures released in October would show that the UK has come out of recession and this, along with further rises in house prices, may have helped to buoy positive sentiment towards the current situation during the month.

Surprisingly, however, the UKâ€™s gross domestic product was reported to have contracted for the sixth consecutive quarter. Nonetheless, there does appear to be a growing belief among consumers that, while the current situation is still somewhat downbeat, the future outlook is brighter.â€•

Confidence stands still as clocks go back

Consumer confidence remains steady
The Nationwide Consumer Confidence Index remained unchanged in October, staying level at 72 points.

While the Expectations Index fell by two points to 106, confidence in the present situation continued to return and recorded a three point rise over the month.

At 22 points, the Present Situation Index is now five points above its low of 17 points recorded in July 2009 following three consecutive months of rises. Consumersâ€™ feelings about spending continue to be resilient and remained at 103 points for the month of October.

The Spending Index is now 49 points higher than its all-time low seen in September 2008 (54).

In line with recent reports citing UK house price rises, consumers now expect the value of their home to increase by 1.5% over the next six months, compared with 1.2% in September â€“ the highest level it has reached since the Nationwide House Price Index reported a peak in prices in October 2007.

Consumers continue to be optimistic for the future of the economy
Despite a two point fall being reported in the Expectations Index, confidence in the future of the economy increased.

A record 42% of consumers believe that the economic situation will be better in six monthsâ€™ time than it is today, and just

15% believe it will be worse â€“ the lowest level it has reached since the Index began in May 2004.

The Index saw a small increase during October in the number of people who believe there will be many or some jobs available in six monthsâ€™ time, increasing by one percentage point to 28%. This is now 13% higher than the low seen at the start of the year.

However, the number of people who believe there will be not many or few jobs available in six monthsâ€™ time also increased slightly to 52%.

Confidence in future household income continues to fluctuate with a 1% fall in the number of consumers who believe their income will be higher in six monthsâ€™ time (to 17%), and a 1% rise in those who think it will be the same (to 71%).

Confidence in the current economic situation growsâ€¦.
Of those questioned during October, 10% believe the current economic situation to be good. This is an increase of 3% on September and is the first time this figure has reached double digits since September 2008 (10%).

Nonetheless, 68% of people believe the economic situation to still be bad, although this figure has now fallen for eight consecutive months since the high seen in February 2009 (86%).

â€¦.while consumers show some signs of caution towards spending money
Following the increases reported during September, spending confidence dropped by 3% in October for those who believe now to be a good time to either make a major purchase or buy household goods.

Despite these falls, confidence remains high in this area when compared to 12 months ago.

Expectations about house price rises over the next six months improved in October. Consumers now expect the value of their home to increase by 1.5% over the next six months, compared with 1.2% in September.

Nationwide Consumer Confidence Index
The Nationwide Consumer Confidence Index remained unchanged on 72 points in October (research took place from 21 September 2009 to 18 October 2009).

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.

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

The Nationwide Consumer Confidence Index 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.

For October, the TNS-RI research for Nationwide took place from 21 September 2009 to 18 October 2009 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 monthsâ€™ time against those who think they will be lower in six monthsâ€™ time.

Next monthly Nationwide Consumer Confidence Index scheduled for release at: 00.01hrs on 9 December.

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

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