

## UK Consumer Confidence Monitor December 2009

### Key Findings

- GfK NOP consumer confidence is down 2 points to -19; the Nationwide CCI is down 8 points at 70. Both measures are down for the second successive month.
- Optimism fell back sharply as people digested the Pre-budget report and the need for tax rises and spending cuts. More people are worried about the jobs outlook. Few people believe the economic situation has got better.
- The GfK measure of the future financial position of households declined in December; the measure of household's current financial position remains weak with a rise in households falling into debt. Nationwide's future household income measure is unchanged.
- The JGFR Financial wellbeing index is up 1 point in December to -35 following a 26-point fall in November. A year ago it was -71.
- Spending sentiment about it being a good time to buy big-ticket items such as houses or cars slipped in the Nationwide survey, although remains strong. For household goods both GfK and Nationwide spending climate measures rose in the month, although GfK spending intentions on household goods fell slightly.
- Savings confidence improved in the month. 53% of adults are likely to save in the next 12 months, up from 49% in November but down from 54% a year ago.
- The proportion of households currently saving rose from 40% to 43%. The measure of household's financial position is unchanged at 15 (18 a year ago).
- Job measures deteriorated. 19% (22% November) believe there are currently jobs available and 25% (27%) expect there will be jobs available in 6 months time in the Nationwide survey. The GfK measure of expected unemployment fell to 45 from 41.
- Inflation expectations reached a 15-month high. The JGFR Misery Index combining both inflation and unemployment expectations fell by 8 points to 105.
- Confidence rose in 4 of 12 regions rising in the North West, Wales, Scotland and the West Midlands. It is highest in London, unchanged on the month.
- This month's confidence data suggests a difficult 2010 in prospect as the autumn mood of optimism fades and the implications of repaying the UK's debt sinks in. The longer the adverse weather conditions continue the more will fuel poverty become a major issue and affect sentiment. The expected end of the recession at the end of the month will not be reflected in the January confidence measure.
- We believe consumer confidence is more likely to fall, despite a January bounce that often occurs. We believe the GfK measure will be between -17 and -21 and the Nationwide measure between -68 and -72.

