

UK Consumer Confidence Monitor January 2010

Key Findings

- GfK NOP consumer confidence is up 2 points to -17; the Nationwide CCI is up 5 points at 75. Both measures are higher after 2 months of decline, although with no traditional January bounce.
- Optimism improved in the month. People are more positive about the jobs outlook and slightly more positive about their personal finances.
- The JGFR Financial wellbeing index is up 7 points in January to -28 recovering some of the 26-point fall in November to -36. A year ago it was -62.
- 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 the Nationwide spending climate measure rose in the month, the GfK spending climate and intentions measures on household goods are little changed.
- Savings confidence improved in the month. 55% of adults are likely to save in the next 12 months, up from 53% in December and from 50% a year ago.
- The proportion of households currently saving rose from 43% to 47%. The measure of household's financial position is 2 points higher at 17 (as a year ago).
- Job measures improved. 22% of adults (19% December) believe there are currently jobs available and 29% (25%) expect there will be jobs available in 6 months time in the Nationwide survey. The GfK measure of expected unemployment improved to 37 from 45
- Inflation expectations reached a 16-month high. The JGFR Misery Index combining both inflation and unemployment expectations gained 6 points to 99.
- Confidence rose in 8 of 12 regions, rising most in London and the East Midlands. It is much higher in London (-8), up 6 points on the month. It is lowest in the West Midlands (-27), falling 6 points following the expected takeover of Cadbury.
- Growth in Q4 marks the end of the deepest recession in most peoples' memory. Steering the economy through uncharted waters remains a big challenge, although consumers remain surprisingly optimistic.
- Each year in the past decade when confidence has risen in January it has fallen in February. We feel that this year confidence may move higher following the end of the recession, although we are currently in a phoney pre-election phase with little clarity on future tax and spending changes. We expect the GfK measure to be between -15 and -19 and the Nationwide CCI to be between -74 and -78.