

UK Consumer Confidence Monitor October 2009

Key Findings

- GfK NOP consumer confidence is up 3 points to -13; the Nationwide CCI is up 3 points at 81. Both measures are at pre-recession levels.
- This month's GfK measure is boosted by a big improvement in current economic sentiment, possibly reflecting hopes of an end to the recession.
- Both current and future optimism boosted the Nationwide index with record numbers of people believing the economy will be better in 6 months than today.
- Personal and household income measures picked up in the GfK survey and while the jobs outlook is less bullish than in September the overall JGFR financial wellbeing index reached its highest level since February 2008.
- Spending confidence remains strong and augurs well for the Christmas trading season. Retailers may be pleasantly surprised. As in September a good sign is a sharp rebound in young peoples' confidence, as they tend to spend more.
- Savings confidence improved, buoyed by more people intending to save.
- In the past 2 months the proportion of households saving is up from 40% to 48%. The 12-month moving average measure of households financial position rose for the first time in 2 years.
- For the first time since December 2007 the 12-month measure of unemployment expectations fell.
- The JGFR Misery Index combining both inflation and unemployment expectations also recorded its best level in 2 years.
- Confidence rose in all 10 regions in October and only fell in the South East, which given its relative size, is the only really negative feature in this month's GfK survey.
- Last month we commented on the emergence of a more optimistic yet more careful consumer – managing in a more austere environment. This month's surveys continue to reflect this mood of cautious optimism.
- Next month's sentiment data will reflect reaction to the GDP data and to see if consumers optimism has been dented in any way. Confidence has not fallen in any month in 2009 and we believe that some temporary fall may occur. We expect the GfK measure to be between -13 and -17 and the Nationwide not seasonally adjusted measure to be between 78 and 82.