

The Nationwide UK (Ireland) Savings Index July 2015

The main Savings Index continued to decline in July. The Savings Index decreased to 112 from 116 in June. The Savings Attitude sub-index also decreased in July to 103 from 127 index points while the Savings Environment sub-index rose to 121 from 105 in June.

It is clear that there is some volatility in these indices with gains made in any one month tending to be reversed in the following month (see Charts 1 through 3). It is for this reason that the three-month moving average, which smoothes out some of the monthly volatility, is also included. The three-month moving average for all three indices indicates a broadly positive trend upward in the past 12 months.

The decline in the main Index is primarily driven by a fall of 54 index points in the component which asks respondents to describe how they feel about how much they are saving. There was an increase of 5 per cent in the number of people who currently feel they are saving nowhere near as much as they feel they should be. Respondents over the age of 50, in particular, are feeling much more negative in July with 21 per cent now believing they save nowhere near what they should be. This compares to 13.7 per cent recorded in June. This is the reason for the large fall recorded in the Savings Attitude sub-index.

The results this month suggest that respondents consider it a good time to save and are more inclined to save, however they continue to feel unhappy with the amount of money they are able to save from month to month. The proportion of those over the age of 50 who are not saving at all continued to rise in July from 42.6 per cent in June to 47.4 per cent. The proportion of consumers in this age group saving occasionally or regularly has also declined from 57.5 per cent to 52.6 per cent. This compares with 77.7 per cent of respondents under the age of 50 saving occasionally or regularly, an increase of 7 per cent in the month to July.

