

The Nationwide UK (Ireland) Savings Index June 2015

The main Savings Index and two sub-indices have decreased this month. The Savings Index decreased in June to 116, from 123 in May. The Savings Environment sub-index also decreased in June to 105 from 112 index points while the Savings Attitude sub-index fell to 127 from 134 in May.

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 smooths 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 11 index points in the component which asks respondents if they consider now a good time to save. There was an increase of 11 percentage points in the number of people believing now is quite a bad time to save. For those under 50 years of age 30 per cent believe now is quite a bad time to save (increasing from 18 per cent in May). Respondents in the over 50 age group maintain a slightly more positive outlook considering the savings environment to be about the same as last month.

The component question which asks if respondents save any amount also experienced a decline this month, down 8 index points. While the majority of respondents (65 per cent) continue to save either regularly or occasionally there is an increase in those who don't save at all from 32 to 35 per cent. This appears to be driven by changes in the over 50's group with the proportion saving nothing at all increasing to 43 per cent from 36.5 per cent in May. Only 57 per cent of those over 50 save either regularly or occasionally compared to 70 per cent in the under 50's group.

With regard to the amount that consumers are saving, the percentage of respondents over the age of 50 who believe they are saving less than they hoped increased to 26 per cent from 19 per cent in May. Overall, respondents in this group are feeling more negative about the amount of money they are saving (from 51 per cent in May to 54 per cent in June). Consumers in the under 50 age group, however, are slightly more positive about how much they are saving with those giving a negative response falling from 61 per cent to 56.4 per cent this month.

Chart 1: Savings Index

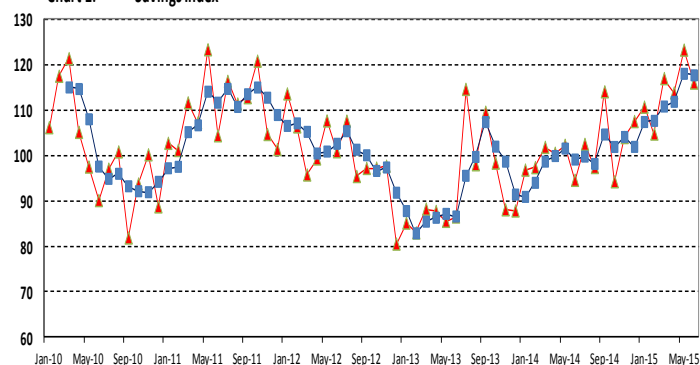


Chart 2: Savings Attitude Index

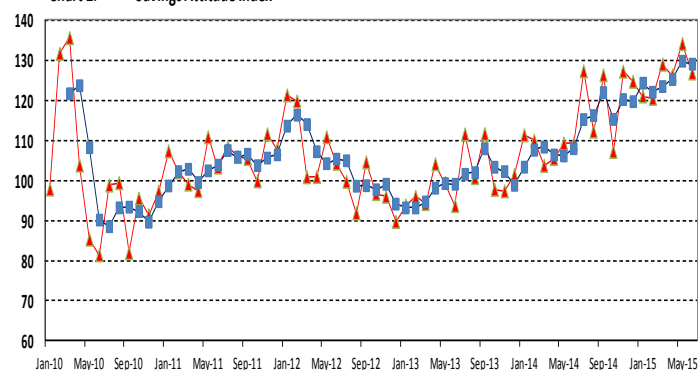


Chart 3: Savings Environment Index

