

Savings Index continues to trend upwards despite reversal in August

Nationwide UK (Ireland) Savings Index declined during August however optimism for future saving remains strong among consumers

The Nationwide UK (Ireland) / ESRI Savings Index, which measures overall sentiment towards saving, decreased to 97 in August, down five points versus the previous month.

The overall decrease is primarily driven by a 15 point decline in the Savings Attitude Index, one of two sub-indices that make-up the Savings Index. This index, which asks people about their saving behaviour and how they feel about the amount they save, decreased to 112 from 127 last month. However, it is still 11 points higher than a year ago.

In August, the proportion of people saving regularly decreased to 36% from 41% in July. However, this is an increase from 30% this time last year. There is a pattern of decline in regular saving compared to last month but an increase versus last year. This trend is apparent amongst those aged over 50 and under 50.

Optimism for saving in the future remains strong as four in five (80%) people say they expect to be able to maintain their current level of saving in six months' time, while a further one in ten (12%) expect to be able to save more in six months' time.

Meanwhile, the Savings Environment sub-index, which gauges opinion on economic conditions and the impact of government policy on saving, increased to 82 from 78 last month, but it is still 13 points lower than a year ago.

The proportion of people who believe that now is a good time to save increased to 30% in August, the highest level reported since May. The proportion of people who say that government policy encourages saving fell to 6%, which is the lowest figure recorded since January.

When asked about their preferred use for any spare cash available after paying for their everyday needs, 44% of people said they would use the surplus to pay off debts including their mortgage – an increase of 4 percentage points from July and the same as a year ago; 12% said they would spend it, down slightly from 14% last month while 7% would invest it, down from 8% last month. Preference to save remains constant compared to July at 38%.

Commenting on the Index, Brendan Synnott Managing Director of Nationwide UK (Ireland), said: *“While this month’s data shows a reversal of the recent improvement in attitudes towards saving, the underlying trend is still positive. Looking ahead over 90% of people expect to be able to save the same or more than at present in 6 months’ time”.*

“We are also seeing improvements in economic indicators with increases in household net worth, overall economic growth, increased numbers in employment and a reduction in numbers unemployed. This means that more people will have disposable income available and so will be in a position to choose between spending and saving.”

ENDS

Savings Index data

Month	Savings Index	Savings Attitudes index	Savings Environment Index
Aug-13	98	101	95
Sep-13	110	112	107
Oct-13	98	98	99
Nov-13	88	97	79
Dec-13	88	101	74
Jan-14	97	111	82
Feb-14	97	110	85
Mar-14	102	104	100
Apr-14	101	105	96
May-14	102	109	95
Jun-14	95	109	80
Jul-14	102	127	78
Aug-14	97	112	82

About the Savings Index

The Savings Index is constructed from monthly research on the attitudes of Irish consumers towards saving.

The Index measures peoples' responses to questions on their attitudes and behaviour towards saving (Savings Attitude Index) and conditions in the wider environment (Savings Environment Index).

The Nationwide UK (Ireland) Savings Index is produced monthly from a minimum sample of 800 consumers over 15 years of age. The ESRI carries out the Savings Index research to ensure the indices represent a national sample.

Note: Prior to January 2011 the Nationwide (UK) Ireland Savings Index was constructed using quarter one, 2010 as its base period. From January 2011, The Index has been rebased using the year 2010 as the base period. The method for calculating the savings attitudes sub-index has been altered to reduce short-term volatility as the impact of small changes in the number of responses was being overstated when the number of respondents in a category was low.

For media queries or interview opportunities, please contact:

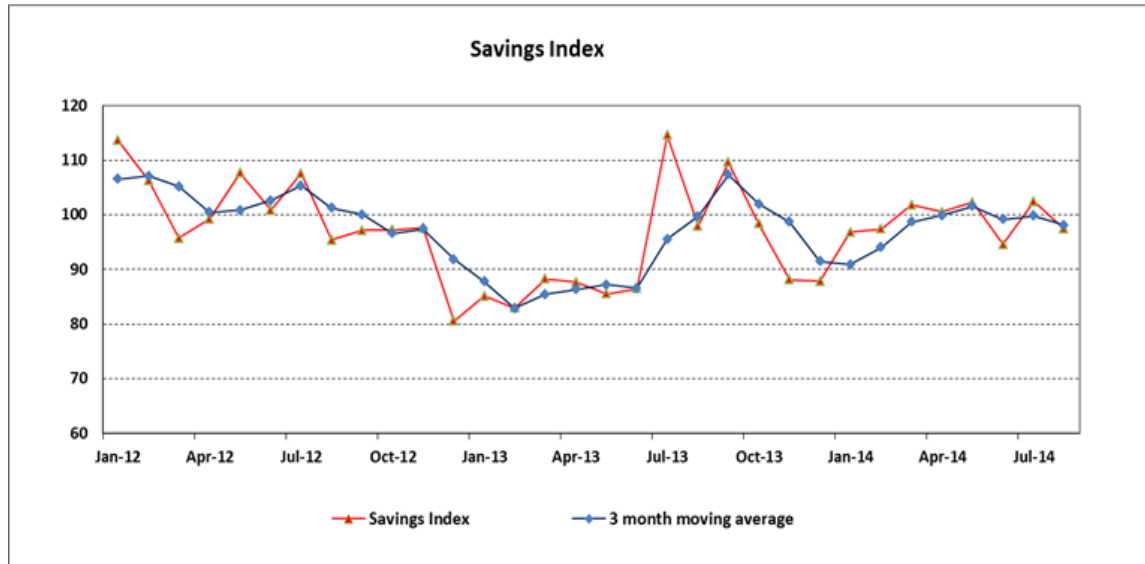
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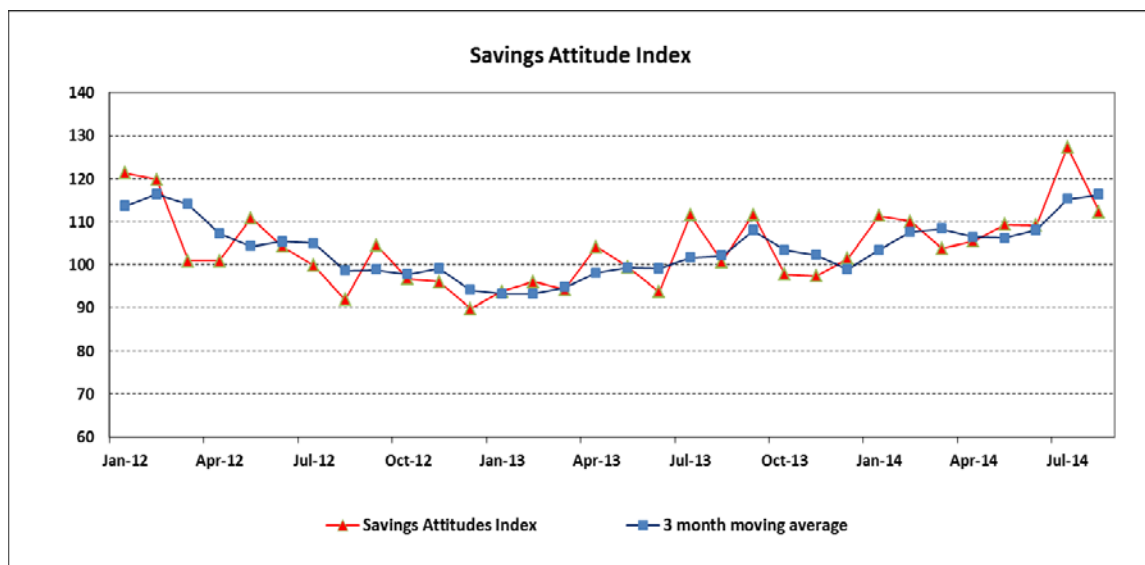
The Nationwide UK (Ireland) Savings Index (Graph 1)

- The Savings Index decreased to 97 in August from 102 in July.
- The Savings Attitude sub-index decreased in August to 112 from 127 in July but is still 11 points higher than a year ago.
- The Savings Environment sub-index increased in August for the first time in five months to 82 from 78 in July, but is still 13 points lower than a year ago.



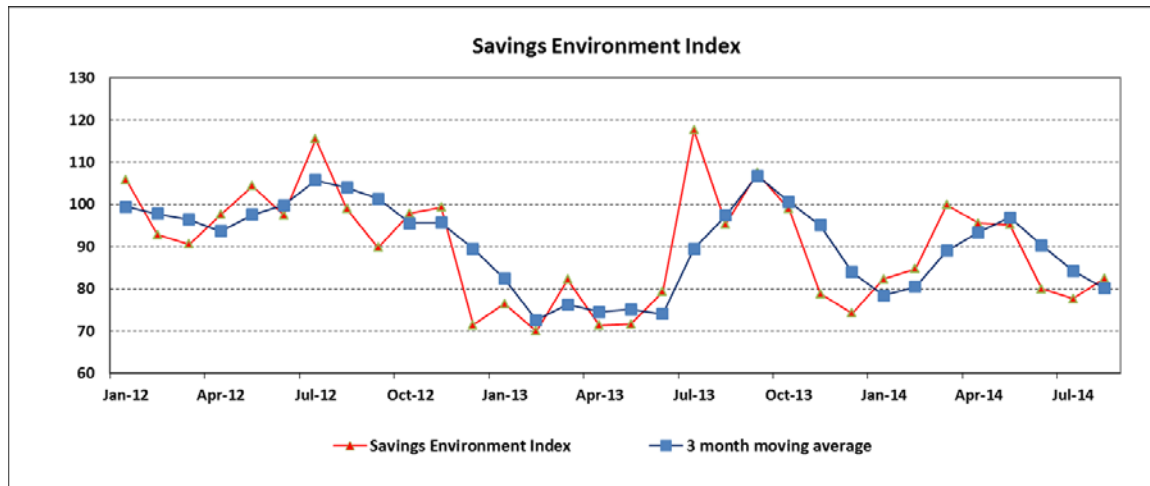
The Savings Attitude Index (Graph 2)

- The Savings Attitude sub-index asks respondents about their saving behaviour and how they feel about the amount they save.
- In August, the sub-index decreased to 112 from 127 in July. The three-month moving average for this sub-index however increased to 116 in August from 115 in July.
- The proportion of people who save regularly now stands at 36%, a decrease from 41% last month but an increase from 30% a year ago.
- This pattern of a decline in regular saving versus last month but an increase versus last year is apparent amongst those aged over 50 and under 50.
- Optimism for saving in the future remains strong with 80% of people saying they expect to be able to maintain their current level of saving in 6 months time while a further 12% of people expect to be able to save more than at present in six months' time.



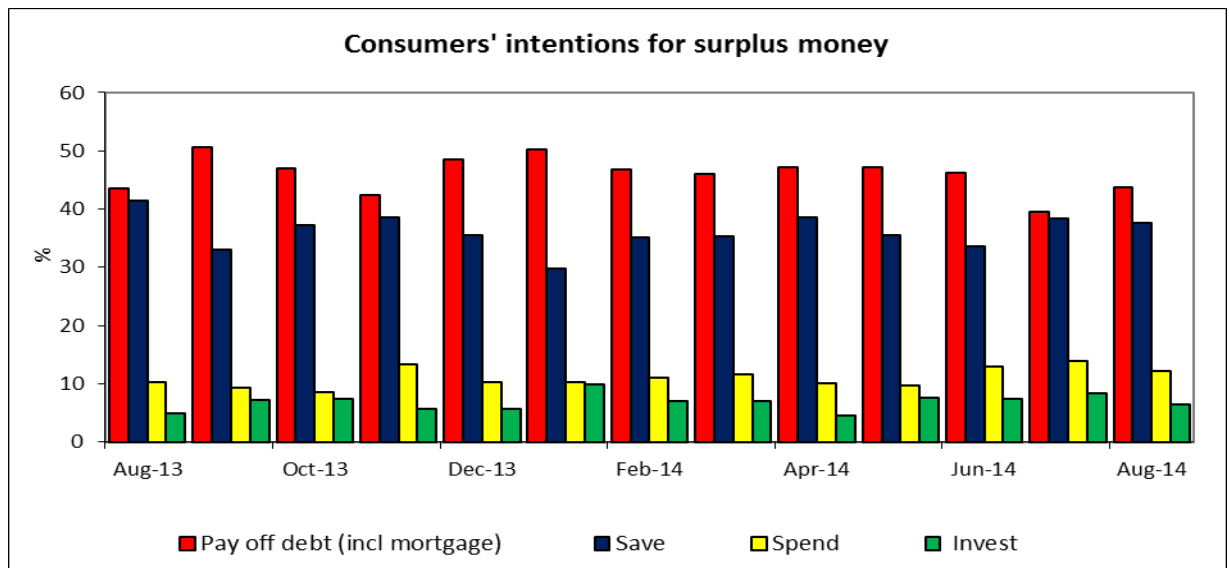
The Savings Environment Index (Graph 3)

- The Savings Environment sub-index asks whether or not respondents believe that the current period is a good time to save and whether they think government policy encourages people to save.
- This index increased to 82 in August from 78 in July but is still 13 points lower than a year ago.
- The three-month moving average for this index decreased to 80 in August from 84 in July.
- The proportion of respondents who believe now is a good time to save increased to 30% in August, the highest level reported since May.
- The proportion of people who say that government policy is encouraging of saving fell to 6%, the lowest level recorded since January.



Consumer's intentions for any surplus money (chart 4)

- When asked about their preference as to how they might allocate any money available, over and above their everyday needs, 44% report that they would use the surplus to pay off debts including their mortgage – an increase of 4 percentage points from July and the same as a year ago; 12% said they would spend it down slightly from 14% last month; 7% would invest it, down from 8% last month. Preference to save remains constant versus last month at 38%.



Note: Prior to January 2011 the Nationwide (UK) Ireland Savings Index was constructed using quarter 1, 2010 as its base period. From January 2011, The Index has been rebased using the year 2010 as the base period. The method for calculating the savings attitudes sub-index was altered slightly so as to reflect a constant share of respondents who reported saving about what they should in the positive and negative categories so as to reduce short-term volatility.