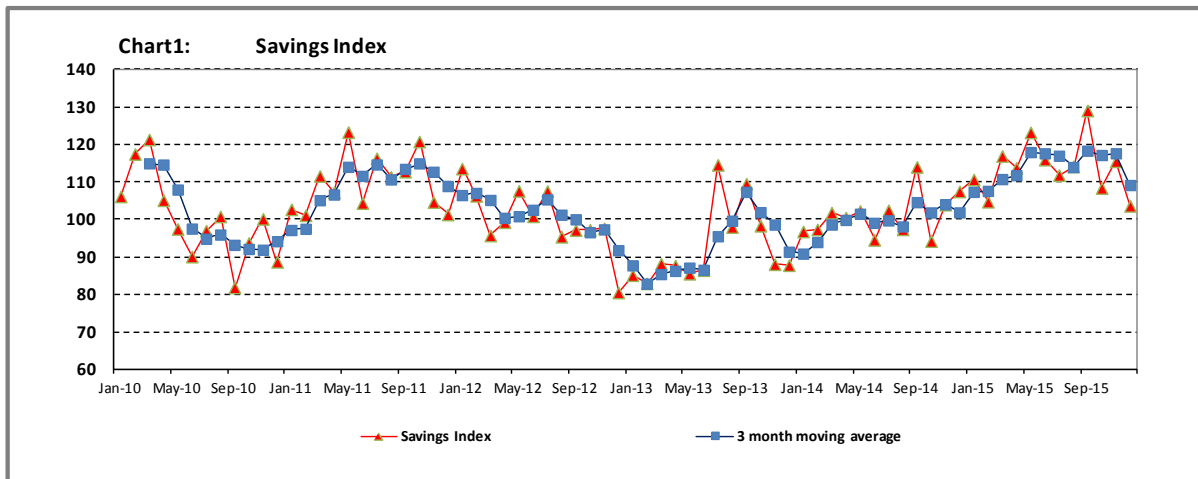


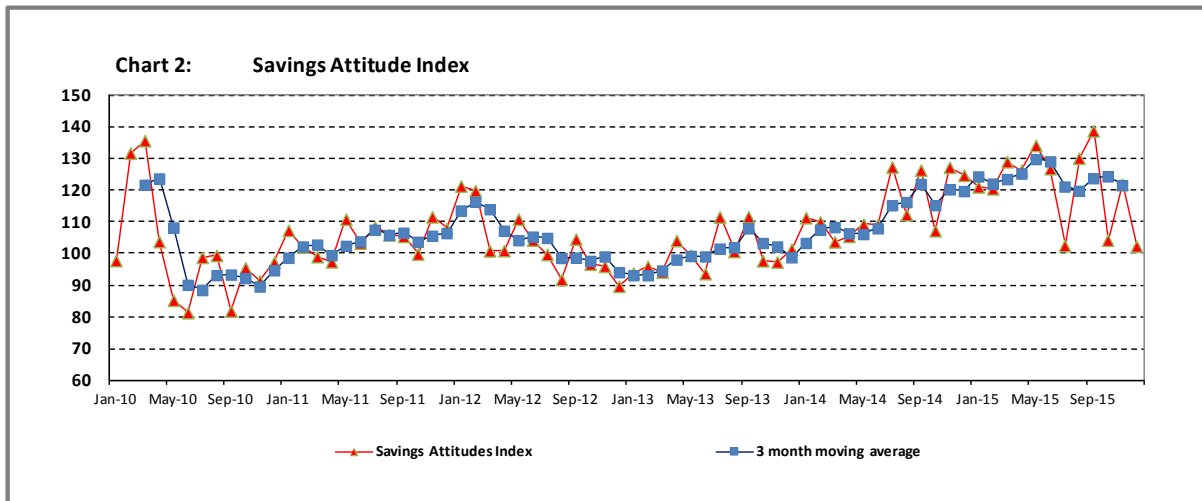
## The Nationwide UK (Ireland) Savings Index (Graph 1)

- The Savings Index experienced a fall in December decreasing to 104 from 116 in November. The three-month moving average, which smoothes out much of the monthly volatility also experienced a decrease of 9 points to 109.
- The Savings Environment sub-index declined marginally again in December to 105 from 109 in November. This reflects a decline in those viewing government policy as being supportive of saving.
- The most significant change this month was in the Savings Attitude sub-index which decreased by 20 index points up to 102. This was driven by a decrease of 28.4 index points in how consumers feel about the amount they are able to save and a decrease of 10.5 index points in the question that asks consumers if they are able to save. While the majority of consumers think they save about as much as they should, there has been an increase in the number of people reporting saving less than or nowhere near what they should be saving.



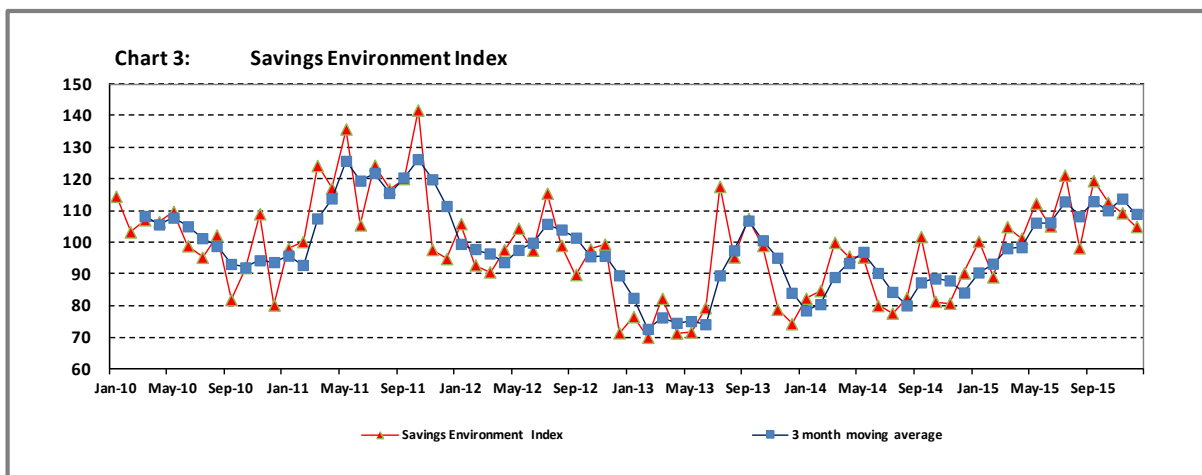
## The Savings Attitude Index (Graph 2)

- The Savings Attitude sub-index asks respondents about their saving behaviour and how they feel about the amount they save.
- The sub-index decreased this month to 102 index points from 122 in November. There has been significant volatility from the index in the last 5 months attributed to large changes in the amount people feel they can save, causing the 3 month moving average to fall in December to 109.
- The results reported in this sub-index seem to be driven by a fall in the number of young people reporting being able to save and a fall in the amount they are able to save. There was a significant decrease in their ability to save and the amount they were able to save, falling 17.4 and 51.4 index points respectively.



**The Savings Environment Index (Graph 3)**

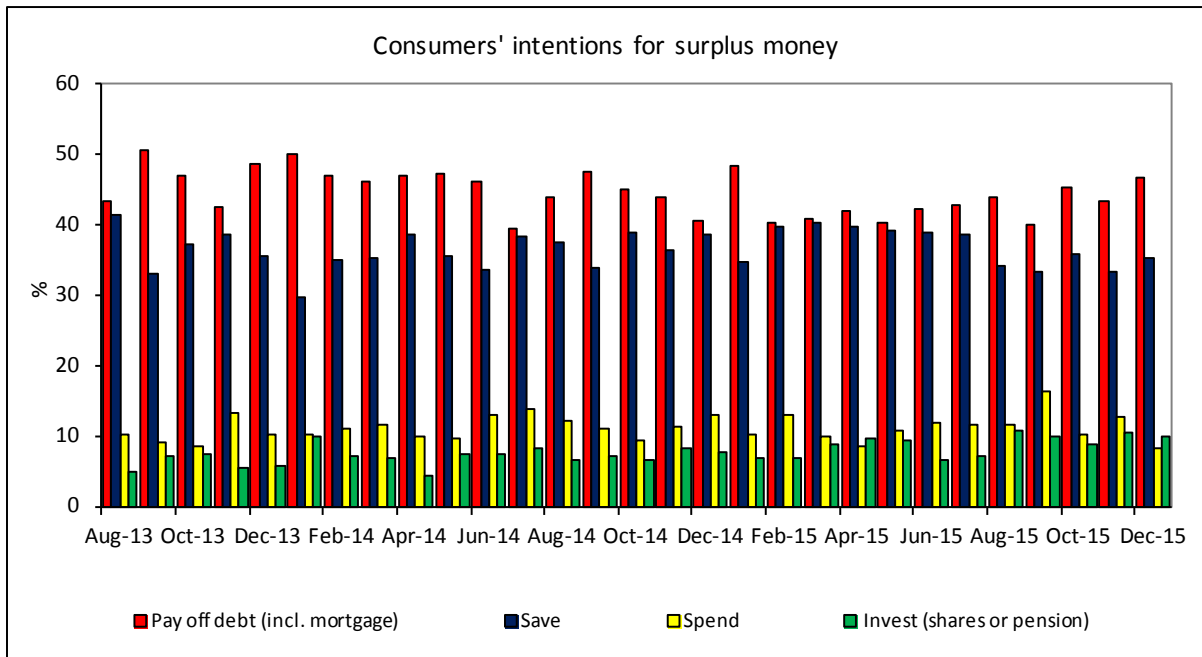
- The Savings Environment sub-index asks whether or not respondents believe that the current period is a good time to save and whether they think government policy encourages people to save.
- This sub-index also experienced a decline this month. It fell to 105 index points from 109 in November. The three-month moving average also decreased from 114 to 109.
- Compared to last month, respondents in December are feeling less positive regarding the current saving environment. This appears to have been driven largely by changes in younger people’s perception of government policy encouraging saving. This month, there was a reduction in the proportion of people of considered now either quite good or a very good time to save and an in increase in the proportion of people considering it a very bad time to save.
- Overall, some 32.5 per cent of respondents now feel negative in their view of the current saving environment, down slightly from last month. This compares to some 30 per cent who feel positive about the saving environment.



**Consumer’s intentions for any surplus money (chart 4)**

- Consumers are also asked about their preference as to how they might allocate any money over and above their everyday needs. The share of respondents who report that they would use the surplus to pay off debts, including their mortgage decreased marginally this month to 46.6 per cent from 43.4 per cent last month. A further 8.1 per cent of respondents indicated they would spend the surplus money, down from 12.7 per cent last month, while 10 per cent

said they would invest it. The proportion of respondents who would choose to save the money increased this month to 35.2 per cent from 33.3 per cent in October.



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.