

JOB FEARS FUEL CONSUMER CONFIDENCE NOSEDIVE

CONSUMER BAROMETER FOR OCTOBER SHOWS:

- *Job security fears at 12 month high*
- *UK employment prospects – outlook still thought bleak*
- *Interest rate cut predictions falter*

Job security fears have battered the confidence of UK workers, according to October's Consumer Barometer from **Lloyds TSB Financial Markets**.

The balance of consumers feeling optimistic about their own job security and employment prospects for the UK as a whole is the lowest since the survey began 12 months ago.

Just 14 per cent of workers think that the UK's employment picture looks rosier today than this time last year, compared with 35 per cent who are more pessimistic about the nation's jobs situation. In addition, only 19 per cent of people feel their own job is more secure than a year ago – compared with 24 per cent who are increasingly pessimistic about their individual job security.

Trevor Williams, chief economist at Lloyds TSB Financial Markets, said: "The number of people claiming unemployment benefit has risen for eight consecutive months which is indicative of worsening labour market conditions. Depressed news about retail trading conditions, worries about price inflation and an increasing view that there won't be any further interest rate cuts has exacerbated the air of pessimism among the public."

The barometer also shows that an increasing number of consumers expect interest rates to rise over the next 12 months, with 59 per cent believing rates will increase and just 14 per cent still believing there'll be a cut. This compares to 51 per cent and 21 per cent, respectively, for August - the survey's lowest point - which equates to a rise from +30 to +45 in the balance of people expecting the worst.

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JOB FEARS FUEL CONSUMER CONFIDENCE NOSEDIVE/...2

Trevor Williams continued: “Consumers’ inflation expectations remain above the average for the life of the survey; this is illustrated by the majority of consumers believing prices are rising quickly and will continue to do so. With official data showing annual CPI inflation picking up for the fourth month in a row in September, to an eight-year high of 2.5 per cent, it looks like consumer fears are warranted. This will worry the Bank of England, as increasing inflation expectations amongst consumers will make their job of hitting the inflation target harder.”

Full national survey response:

During the last 12 months, do you think prices in general are:	Up	Same	Down	Balance
Percentage balance (%)	55	35	7	+48
During the next 12 months, do you expect prices in general to be:	Up	Same	Down	Balance
Percentage balance (%)	72	21	5	+67
Do you feel your job is more secure or less secure than it was 12 months ago:	More	Same	Less	Balance
Percentage balance (%)	19	54	24	-5
Do you think employment prospects in the UK in general are better or worse than 12 months ago	Better	Same	Worse	Balance
Percentage balance (%)	14	46	35	-21
Do you think interest rates will be higher or lower in 12 months’ time than they are now?	Higher	Same	Lower	Balance
Percentage balance (%)	59	22	14	+45

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Notes to Editors:

- Trevor Williams is available for interview.
- Barometer based on responses from over 2,000 consumers.
- Regional breakdown available.
- Survey conducted for Lloyds TSB Financial Markets by BMRB.

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