



## **Consumer Confidence Rebounds In June After 18-Month Low In May, According To RBC CASH Index**

### **Confidence About Future Conditions Erodes As More Say Country On Wrong Economic Track**

**Washington, DC, June 10, 2005** – Americans are reporting increased consumer confidence in June as satisfaction with current economic conditions, jobs, and personal finances improved, moving the RBC CASH Index to 84, a noteworthy increase from the 18 month low score of 78.2 reported in May. However, pessimism about future conditions also increased with three out of five consumers agreeing the country is on the wrong track. This is according to the June RBC CASH (Consumer Attitudes and Spending by Household) Index.

According to the survey, one-fifth (22 percent) of respondents surveyed for the RBC CASH Index rated their local economy as strong and one-quarter (26 percent) similarly characterized their personal finances. Both these figures are an improvement over May's results – 14 percent and 22 percent respectively. Positive assessments about current employment conditions further drove the overall RBC CASH Index result for June, as 43 percent of respondents report increased confidence in job security. This finding is consistent with last month's numbers and slightly below last year's results (45 percent). Additionally, one-third (33 percent) of polled consumers said they are more confident today about making a major purchase than they were six months ago.

The survey findings were not entirely positive with nearly three out of five respondents (59 percent) indicating they felt the country was "off on the wrong track". This is consistent with last month's findings but up significantly from a year ago (40 percent).

Furthermore, individual expectations for the local economy, personal finances, and job security dropped considerably from last month. As a result, the RBC Expectations Index, the component of the overall index that examines these specific issues, fell to 37.2 this month from 48.1 in May – and from 82.2 in June of last year.

"While low interest rates and continued favorable conditions in the housing market continue to provide strong reasons to believe that the economy can continue to grow and create jobs, the sharp difference between positive consumer attitudes about their current situations and their relatively pessimistic outlook for the future, as reported in the RBC CASH index, underscore what the Treasury market may already be telling us," said Vince Boberski, senior economist at RBC Dain Rauscher. "Since 2003, the Treasury yield curve has continued to flatten, to the point where it is at its flattest point since 2001. This movement makes sense if people feel positive about the economy today, but are pessimistic about its future."

The CASH Index is a monthly national survey of consumer attitudes on the current and future state of local economies, personal financial situations, savings, and confidence to make large investments. The index is benchmarked to the 100 reading assigned in January 2002 when the Index was first introduced. This month's findings are based on a representative sample of 1,001 adults polled nationwide from June 6 through June 8, 2005 by survey research company Ipsos Public Affairs.

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### **About Ipsos Public Affairs**

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