



Consumer Confidence Drops Sharply in July to Lowest Level Since October 2003, According to RBC CASH Index

Driven By Worries About Gas Prices, Job Security, Terrorism

Washington, DC, July 15, 2005 – Consumer worries over rising gas prices, the London terrorist attack and a drop in job security combined to produce a sharp drop in consumer confidence among Americans surveyed by the July RBC CASH (Consumer Attitudes and Spending by Household) Index. The survey of 1,000 individuals taken across the U.S. this week showed increasing pessimism about the economy, jobs and investing.

The RBC CASH Index for July dropped to its lowest level since October 2003, exhibiting increasing pessimism by respondents about the current and future states of local economies, job security, and investment.

"Of course, what people say and what they do can be two different things," said Vince Boberski, director of fixed income research at RBC Dain Rauscher. "The real question going forward becomes whether the lingering effects of the London bombings outweigh slightly cheaper oil, continued spending on big-ticket items and steady wage gains."

The RBC CASH Index stands at 73.9, down from 84.0 one month ago. This decrease drops consumer confidence to the lowest point in 2005, and represents the lowest level since October 2003, when the index stood at 74.4. The RBC Current Conditions Index dropped significantly this month to 87.0, from 100.8 last month. Similarly, the RBC Investment Index was down sharply this month to 81.3, a decrease from 93.0 last month. Both the RBC Current Conditions Index and the RBC Investment Index stand roughly where they were one year ago.

"The fall in the CASH Index should make investors somewhat cautious about recent reports of solid retail sales," Boberski said. "For instance, automakers have goosed demand with a new round of incentives, but their effectiveness may turn out to be shorter lived than Detroit would hope."

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