



Consumer Confidence Plummets In The Face Of Record Gas Prices, Katrina's Impact, According To RBC Cash Index

Washington, DC, September 9, 2005 — The unfolding impact of Hurricane Katrina, coupled with record gas prices, has consumers worried about the economy, according to the results of the September RBC CASH (Consumer Attitudes and Spending by Household) Index.

The telephone survey of 1,000 individuals taken across the U.S. this week, the first national survey of consumer confidence following the hurricane, found plummeting confidence in local economic expectations. The RBC Expectations Index, set at 100 in January 2002, fell from 32.2 in August to -13.5 in September, the first time the Index has been in negative territory, and a significant drop from a reading of 79.6 in January of this year.

"It is clear that constant pain at the pump as well as relentless images of Katrina's aftermath are taking their toll on the public," said Vince Boberski, chief economist for RBC Dain Rauscher.

The significant drop in expectations contributed heavily to a substantial decline in overall expectations. The RBC CASH Index of 61.5 for September continued a year-long slide from a high of 104.8 in August of 2004. However, other parts of the survey showed consumers expressing continued confidence about current conditions. Opinions about the current strength of local economies improved slightly in September from 85.5 to 92.0 and respondents rated their current personal financial situation as significantly stronger than one month ago. More than one-quarter (28%) of Americans rated their current finances as strong (compared to 24% in July and 21% in August).

Also, investing was seen more positively in the September responses to the survey. The RBC Investment Index stands at 80.7 (up from 78.2 in August), and confidence in job security remains high. The RBC Jobs Index stands at 111.7, down slightly from last month's 114.6. When asked to compare attitudes now about job security to what they were six months ago, respondents were only slightly less confident in September than one month ago.

"Consumers have been feeling queasy about the future since the economic expansion began," Boberski said. "The CASH Index stands at a 22-month low even as it has become easier to find jobs. The uncertainty will likely turn around once rebuilding begins and gas prices fall further, but it's clear that it is going to take time."

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 1,000 adults polled nationwide from September 6 through September 8, 2005 by survey-based research company Ipsos Public Affairs.

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