



**Consumer Expectations Rebound, According To RBC Survey Of Consumer Attitudes And Household Spending
Hopes For A Strong Holiday Season Rising**

Washington, DC, October 7, 2005 — Consumer expectations, battered by natural disasters and high oil prices, rebounded after taking a steep dive last month, according to the October results of RBC's CASH Index (Consumer Attitudes and Spending by Household Index).

The telephone survey, of 1,000 individuals across the United States, was undertaken from October 3 to 5, 2005. Last month was the first time the RBC Expectations Index had been a negative number since its inception in January of 2002. (The Expectations Index was set at 100.) In fact, the Expectations Index had been falling throughout the year, from 79.6 in January to 32.2 in August. While 0.9 represents the second lowest number in the survey's history, it does signal a reversal in consumer outlook as the economy heads into the holiday season.

"The end of the American consumer seems to have been greatly exaggerated," said Vince Boberski, chief economist for RBC Dain Rauscher. "Images from the Gulf hurricanes still linger, and filling up your tank still takes a bite out of the pocketbook. But some moderation in oil prices and continued solid underlying conditions in the labor market have begun to point toward a brighter holiday season than many would have predicted just one month ago." However, Boberski cautioned that winter spending could be constrained after homeowners see their first heating bills, which will reflect the elevated prices for natural gas and home heating oil.

Improved expectations lifted the overall Index to 66.8, compared to 61.5 in the previous month. The Index had been on a yearlong slide from a high of 104.8 in August of 2004. The RBC Expectations Index stands at 0.9, compared to last month's figure of negative 13.5. This increase in expectations contributed to an overall improvement in consumer confidence, which had been trending downward since August of this year.

Respondents, however, made clear that the economy is by no means out of the woods. The RBC Current Conditions Index, for example, saw a slight decrease, falling to 90.7 compared to 92.0 from the previous month. Similarly, the RBC Investment Index declined to 78.0 from 80.7. Only 23 percent rated their personal finances as strong, compared to 28 percent the previous month.

But the RBC Jobs Index rebounded well, standing at 119.5, effectively tying its high for the year, in June, and surpassing its 111.7 level from the previous month. When asked about the likelihood that they personally or someone they know will lose their job in the next six months due to economic conditions, a majority (52 percent) said that is not likely, with fewer than one in five (17 percent) reporting it is likely (compared to 51 percent not likely and 19 percent likely in the previous month).



RBC's Consumer Attitudes and Spending by Household 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 it was first introduced. This month's findings are based on a representative sample of 1,000 adults polled nationwide from October 3 through October 5, 2005, by survey-based research company Ipsos Public Affairs.

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