



## **Job Worries And Poor Economic Expectations Cause Drop In Consumer Confidence, According To RBC CASH Index**

**Washington, DC, January 9, 2006** — Despite strong job numbers for December, Americans' confidence in the economic state of the country declined in January, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index. This was primarily due to low expectations in economic performance over the next six months and increasing fears about job security.

The RBC CASH Index, which is derived from telephone interviews held with 1,001 individuals across the U.S. this week, stands at 78.2 for January. This compares to 85.5 for December – and significantly below the January 2004 level of 106.3. The RBC Expectations Index for January 2006 tumbled to 33.9, returning to levels similar to last summer, when gas prices skyrocketed and the country experienced two gulf coast hurricanes. In January of 2005 the Expectations Index stood at 79.6.

"The economy has a decent amount of momentum coming into the New Year, but the weakness in expectations is consistent with our outlook for slower growth for the second half of the year," said Vincent Boberski, director of Fixed Income Research for RBC Dain Rauscher. "The drop in the CASH Index tells us that the slowdown we expect to see in the second half of the year may come earlier than forecast."

The RBC Jobs Index for January stands at 106.0, the second straight decline from a 2005 high of 119.8 in November. Confidence in job security is traditionally one of the most robust and resilient indicators of consumer confidence, and it has dipped marginally, with 37 per cent of Americans reporting they are more confident about their job security than six months ago (compared to 39 per cent in December 2005).

However, more Americans are reporting that they or someone they know personally has lost their job as a result of economic conditions in the past six months. Currently, 40 per cent report direct job loss experience (compared to 31 per cent in December 2005). In addition, more Americans report an increased likelihood that they or someone they know will lose their job as a result of economic conditions in the next six months.

"With the latest release of U.S. employment figures, we see that the economy produced fewer jobs than expected, and the caution we have regarding the labor market is reflected in the results of the current RBC Jobs Index," said Boberski.

"While consumers are definitely optimistic about the current state of the economy and jobs, there is significant pessimism regarding the future, and current consumer confidence levels should be viewed with significant caution. The slight improvements in confidence that we saw last month due to the holiday season may be fleeting, and confidence may revert to last year's overall downward trend."



Currently, 19 per cent of respondents expect the economy in their local area to be weaker six months from now. This statistic, when combined with the decrease in people who feel their local economy will strengthen over the next six months (24 per cent in January, which is down 2 per cent from December 2005), signals a troubling overall picture of economic expectations. Net expectations (total stronger minus total weaker) have dropped from +10 in December 2005 to +5 in January 2006.

The RBC Current Conditions Index for January stands at 96.5, up from 92.8 in December 2005, with two in ten respondents rating their current local economy as strong, and one-quarter rating their current financial situation as strong. Confidence in investment remains unchanged, with the RBC Investment Index standing at 89.3.

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 1,001 adults polled nationwide from January 3-5, 2006, by survey-based research company Ipsos Public Affairs.

**For more information on this release, please contact:**

Brian Scanlon  
Ipsos Public Affairs  
[brian.scanlon@ipsos-na.com](mailto:brian.scanlon@ipsos-na.com)  
202.463.2146

**About Ipsos Public Affairs**

Ipsos Public Affairs is a non-partisan, objective, survey-based research company made up of campaign and political polling veterans as well as seasoned research professionals. The company conducts strategic research initiatives for a diverse number of American and international organizations, based not only on public opinion research but often elite stakeholder, corporate, and media opinion research. It has offices in Chicago, New York City, Ottawa, San Francisco, Seattle, Toronto, Vancouver, and Washington, D.C., with affiliates around the world. Ipsos Public Affairs conducts national and international public opinion polling on behalf of The Associated Press, the world's oldest and largest news organization. Ipsos Public Affairs is an Ipsos company, a leading global survey-based market research group.

To learn more, visit [www.ipsos-na.com/pa/us](http://www.ipsos-na.com/pa/us)

**About Ipsos**

Ipsos is a leading global survey-based market research company, owned and managed by research professionals. Ipsos helps interpret, simulate, and anticipate the needs and responses of consumers, customers, and citizens around the world.

Member companies assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers. They test advertising and study audience responses to various media. They measure public opinion around the globe.



Ipsos member companies offer expertise in advertising, customer loyalty, marketing, media, and public affairs research, as well as forecasting, modeling, and consulting. Ipsos has a full line of custom, syndicated, omnibus, panel, and online research products and services, guided by industry experts and bolstered by advanced analytics and methodologies. The company was founded in 1975 and has been publicly traded since 1999. In 2004, Ipsos generated global revenues of € 605.6 million (\$752.8 million U.S.). Visit [www.ipsos.com](http://www.ipsos.com) to learn more about Ipsos' offerings and capabilities.

Visit [www.ipsos.com](http://www.ipsos.com) to learn more about Ipsos offerings and capabilities.

### **About RBC Financial Group**

Royal Bank of Canada (TSX, NYSE: RY) uses the initials RBC as a prefix for its businesses and operating subsidiaries, which operate under the master brand name of RBC Financial Group. Royal Bank of Canada is Canada's largest bank as measured by assets, and is one of North America's leading diversified financial services companies. It provides personal and commercial banking, wealth management services, insurance, corporate and investment banking, and transaction processing services on a global basis. The company employs approximately 60,000 people who serve more than 14 million personal, business and public sector clients through offices in North America and some 30 countries around the world. For more information, please visit [www.rbc.com](http://www.rbc.com).

### **Media contact:**

Vince Boberski, RBC Dain Rauscher, (312) 559-1654  
Kevin Foster, RBC Capital Markets, (212) 428-6902  
Susan Austin, Hubbell Group, (781) 644-2534