



### **Consumer Confidence Holds Steady Heading Into Second Quarter, According To RBC CASH Index**

**Washington, DC, April 7, 2006** — Consumer confidence has stabilized after taking a deep dive in March 2006, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index, which measured the attitudes of 1,003 Americans this week. Consumer's lower confidence levels regarding investing and current economic conditions were offset by an increase in their expectations for the future and continued optimism regarding job security. As a result, the RBC CASH Index for April, released today by RBC Financial Group, stands at 89.4, compared to 86.2 in March.

"Although the first quarter was a bumpy ride and people are still skittish about current conditions, their expectations for the future are more positive," said Vincent Boberski, director of Fixed Income Research for RBC Dain Rauscher. "Consumers also are feeling more secure in their jobs, which traditionally is a strong indicator of their overall confidence in the economy."

"While we expect consumer optimism to continue edging up through the spring, we remain cautious about the long term as we continue to expect a slowdown in the second half of the year," added Boberski.

The RBC 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, which is comprised of four sub-indexes: RBC Current Conditions Index; RBC Expectations Index; RBC Investment Index; and, RBC Jobs Index. The Index is benchmarked to a baseline of 100 assigned at its introduction in January 2002. This month's findings are based on a representative sample of 1,003 adults polled nationwide between April 3-5, 2006, by survey-based research company Ipsos Public Affairs.

Highlights of the survey results include:

- Job security attitudes edged up. The RBC Jobs Index for April 2006 stands at 124.5, up six points from the 118.5 in March 2006, reaching a 12-month high. This month, 42 per cent of Americans report they are more confident about their job security than they were six months ago (compared to 41 per cent who were more confident in March 2006).
- Direct job loss experience also declined in April 2006. Fewer than one-third (30 per cent) of Americans report that they or someone they know personally has lost their job as a result of economic conditions in the past six months (compared to 34 per cent in March 2006).
- Although opinions regarding the ability to invest in the future remain stable, the overall investment climate has cooled, contributing to a decline in consumer confidence. The RBC Investment Index declined for the second straight month, dropping to 86.7, down from a 16-month high of 101.5 in February 2006 and 98.6 in March 2006. People who feel confident in their ability to invest in the future crept up to 44 per cent, from 43 per cent in March 2006.
- However, with the recent rise in interest rates, Americans are more cautious regarding purchases. Nearly half (46 per cent) of consumers report they are less confident in making a major purchase such as a home or car, and only four in ten (38 per cent) state they are more comfortable making other household purchases (compared to 45 per cent who were more comfortable making other household purchases in March 2006).



- The RBC Expectations Index stands at 56.9, rebounding dramatically in April, recovering most of the nearly 20-point drop experienced in March 2006. Expectations regarding personal financial situations remained constant, with four in ten (38 per cent) believing their own personal finances will be stronger in six months, the same level of confidence expressed last month. In addition, the number of Americans who believe they or someone they know will be at risk of losing their job due to economic conditions in the next six months held steady, with only 16 per cent believing such job loss is likely. The combination of these factors contributed to a significant increase in the RBC Expectations Index in April 2006.
- The RBC Current Conditions Index dropped nearly six points to 98.0, down from 103.9 last month. Opinions about the current state of the local economy are evenly split, with one in five Americans (21 per cent) rating their local economy as strong and a similar number (23 per cent) rating their local economy as weak. The percentage of Americans rating their current personal financial situations as weak increased to 27 per cent from 23 per cent last month, contributing to the overall decline in the RBC Current Conditions Index.

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