



U.S. Consumer Confidence Holds Steady Amid Oil Price Increases And Middle East Unrest, According to RBC CASH Index

New York, NY, July 14, 2006 — Although Americans' attitudes about the future direction of the economy continues to fluctuate slightly, consumer confidence is holding steady in July, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index, which measured the attitudes of 1,000 Americans earlier this week. A softening of confidence rather than an increase in negativity, which was seen across all measures of the Index, produced a slight dip in overall consumer sentiment. As a result, the RBC CASH Index for July, released today by RBC Financial Group, stands at 80.1, compared to 84.1 in June.

"Despite mortgage rates rising to a four-year high -- approaching 6.75 per cent for a 30-year fixed-rate loan -- the price of oil testing a record high above \$75 per barrel and the national average of mid-grade gasoline remaining above \$3.00 per gallon in recent weeks, consumers appear to be wavering only slightly in their outlook," said T.J. Marta, Economic and Senior Currency Strategist for RBC Capital Markets. "The modest drop in the overall index reflects the fact that the Fed's 2.25 per cent hike in interest rates since June 2005 is only now beginning to impact economic growth. The RBC CASH Index supports our view that consumers will moderate their spending in coming months."

The RBC CASH Index is a monthly national survey of consumer attitudes on the current and future state of local economies, personal finance situations, savings and confidence to make large investments. The Index is composed 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 nationwide sample of 1,000 adults polled from July 10-12, 2006 by survey-based research company Ipsos Public Affairs. The margin of error was plus or minus 3.1 per cent. Highlights of the survey results include:

- Consumers' confidence in future conditions cooled somewhat this month bringing the **RBC Expectations Index** to 34.2, down from 40.4 in June. Expectations regarding personal financial situations held steady as 37 per cent of Americans said they expected improvements in personal financial strength, compared to 38 per cent with similar expectations in June. And while 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 decreased to 15 per cent, compared to 16 per cent last month, the proportion of Americans who feel this possible job loss is "not likely" also declined slightly in July 2006 (54 per cent not likely in July, compared to 57 per cent not likely in June).
- However, the **RBC Current Conditions Index**, at 96.6, held steady when compared to the 99.4 registered last month. Consumers do not show signs that their opinions are becoming any more negative about current conditions; rather, their attitudes are slightly less strongly positive than before. Americans are also slightly less confident in their ability to make household purchases (38 per cent more confident in July, compared to 40 per cent more confident in June) and their ability to invest in the future (40 per cent more confident, compared to 44 per cent more confident in June 2006).
- Although confidence in the ability to invest in the future dropped somewhat, Americans' attitudes toward major purchases improved slightly (35 per cent more confident in July 2006, compared to 32 per cent more confident in June 2006). The result was a marginal increase in the **RBC Investment Index** for July 2006, which stands at 89.6, compared to 88.4 in June.



- Job security dipped slightly this month. The **RBC Jobs Index** stands at 116.9 in July, down from 124.1 in June. This month only 36 per cent of Americans reported they are more confident about their job security than six months ago (compared to 43 per cent more confident in June 2006). Those feeling less confident include individuals who feel the country is off on the wrong track (57 per cent less confident); women age 45 or older (53 per cent less confident) and, Americans with an annual household income of less than \$25, 000 (54 per cent less confident).

The entire RBC CASH Index report can be viewed at www.rbc.com/newsroom/rbc-cash-index.html

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For more information, please visit www.rbc.com.

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