



## **RBC CASH Index: Consumer Confidence Heating Up, Despite Winter's Grip On Nation**

**Washington, DC, February 9, 2007** — Consumer sentiment continued to heat up this month despite the deep freeze gripping much of the country, 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. Overall consumer confidence rose by nearly 8 points in February, as Americans' assessments of current conditions, investing and job security increased substantially. Although opinions regarding future conditions dipped significantly, overall optimism in all other areas surveyed outweighed increasing pessimism for the future. As a result, the RBC CASH Index for February released today by RBC Financial Group, stands at 103.0, compared to 95.3 in January and 96.1 one year ago.

"The chill in the air has not dampened Americans' enthusiasm for current economic conditions," said T.J. Marta, Economic and Fixed Income Strategist for RBC Capital Markets. "Consumers appear to be buoyed by the strong jobs market, gasoline prices that have reached a 14-month low and equity holdings that have reached a high since the dot.com era."

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-indices: **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 U.S. adults polled from February 5-7, 2007, by survey-based research company Ipsos Public Affairs. The margin of error was  $\pm 3.1$  per cent. Highlights of the survey results include:

- Americans' attitudes about current conditions soared this month, increasing nearly 20 points and bringing the **RBC Current Conditions Index** to 114.0, compared to 94.3 in January. Consumers reported renewed optimism in their current local economy and personal financial situations. Currently one-quarter (25 per cent) of consumers rate their local economy as strong (compared to 21 per cent last month), and three in ten (29 per cent) rate current personal finances as strong (compared to 25 per cent in January). The strong gains in current conditions among consumers contributed significantly to the increase in the overall RBC CASH Index, and helped offset the decline in perceptions of future conditions.
- The **RBC Expectations Index** for February stands at 69.2, dropping more than 14 points from its January level of 83.8. The downturn in the index is due largely to a drop in expectations for the economy as a whole and for personal finances. This month, fewer than one in four American consumers (22 per cent) believe their local economy will be stronger six months from now (compared to 31 per cent in January), and just over one-third (36 per cent) believe their personal financial situation will be stronger six months from now (compared to 40 per cent last month).
- Although the number of consumers who indicated that future conditions would be "stronger" did decrease, this month's results do not show an increase in the number of Americans expecting "weaker" conditions in the future. Rather, consumers are more ambivalent about their future, with nearly two-thirds (65 per cent) believing their local economic conditions will remain unchanged six months from now and a majority (55 per cent) believing their personal finances will be unchanged six months from now.



- This month, the **RBC Investment Index** shot up nearly 20 points as significantly fewer consumers reported being less comfortable in making major and other household purchases, and fewer reported decreased confidence in their ability to save for the future. The RBC Investment Index for February stands at 102.4, compared to 83.2 observed last month. The percentage of Americans reporting they are less comfortable making household purchases dropped to 38 per cent (compared to 43 per cent in January). Similarly, consumers who said they are less comfortable regarding the ability to save for the future declined to 38 per cent (compared to 42 per cent last month). Confidence in their ability to invest in the future remained unchanged from January, with 43 per cent of consumers reporting greater confidence again this month.
- Other indicators of investing confidence also held steady in February, with nearly half (46 per cent) of Americans reporting they believe the next 30 days will be a good time to invest in the stock market (compared to 44 per cent last month). While opinions regarding stock investments did not change significantly, February 2007 represents the first time since April 2006 that the percentage of consumers reporting it will be a good time to invest in stock outnumbered those who report it will not.
- Consumer confidence in job security reached an all time high this month, bringing the **RBC Jobs Index** for February to 131.9, compared to 126.3 last month. Two of the three indicators of job security remained steady this month as more than four in ten (43 per cent) consumers report they are more confident about current job security than six months ago (compared to 43 per cent in January). Expectations regarding future job loss remained low this month, with fewer than one in five (13 per cent) reporting future job loss is likely (compared to 16 per cent last month). Americans reporting personal job loss experience improved significantly, with only one quarter (26 per cent) saying that they or someone they know personally have lost their job as the result of economic conditions (compared to 32 per cent in January).

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

Michael Gross, Ph.D.  
Ipsos Public Affairs  
[michael.gross@ipsos-na.com](mailto:michael.gross@ipsos-na.com)  
202.463.2147

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### **Media contacts:**

Loretta Healy, The Hubbell Group, Inc. (781) 878-8882  
Kevin Foster, RBC Capital Markets, (212) 428-6902