



U.S. Consumer Confidence Stabilizes After September Low, According To RBC CASH Index

Washington, DC, October 5, 2007 — Consumer confidence levels improved considerably in October after tumbling to a 16-month low in September, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index, which measured the attitudes of 1,005 Americans earlier this week. Consumer sentiment stabilized across all surveyed areas, with the biggest increases occurring in the areas of economic expectations and current conditions. However, this improvement was driven not by significant increases in consumer optimism, but rather a leveling out of pessimism. As a result, the RBC CASH Index for October 2007 stands at 80.6, up more than nine points from its 71.1 level in September.

"After collapsing in September, the RBC CASH Index rebounded in October, with consumers becoming more positive in the wake of the Fed's rate cut and the calming of the financial markets," said T. J. Marta, Economic and Fixed Income Strategist for RBC Capital Markets. "However, the lack of a complete recovery in the Index shows that August's credit crisis has had a profound affect on consumers' psyches, making them view the financial landscape warily."

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 1,005 U.S. adults polled from October 1-3, 2007 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:

- Americans' economic expectations increased significantly this month, reversing the free-fall observed in September. The **RBC Expectations Index** for October rose 11 points to 25.7, compared to 14.4 last month. Job loss expectations were the driving force behind the improvement, as 55 per cent of consumers reported it is unlikely they or someone they know will lose their job in the next six months, up from 49 per cent in September. While expectations for personal finances basically held steady in October, negative expectations for respondents' local economy leveled off, with only 20 per cent reporting that the economy will be weaker, compared to 23 per cent in September.
- The **RBC Current Conditions Index** increased more than 10 points, reaching 101.1 in October, compared to 90.5 last month. Americans' current perception of their local economy is the main driver behind the improvement as significantly fewer consumers currently have a pessimistic assessment of their local economy. Only one-quarter (26 per cent) of Americans rate their local economy as weak, compared to just under one-third (31 per cent) who felt similarly in September.
- Consumers' views of the investment climate also showed improvement this month. The **RBC Investment Index** for October increased four points to 92.5, after dropping almost 10 points in September to 88.3. Consumer comfort levels for future investments edged up this month, with 41 per cent of consumers reporting they are more confident in their ability to invest in the future, compared to 37 per cent in September. Additionally, the percentage of Americans reporting they are less confident in investing declined slightly, from 44 per cent in September to 41 per cent now.



- Americans' perception of job security rose nearly nine points this month, and as a result, the **RBC Jobs Index** for October stands at 122.5, compared to September's 113.6 level, which had been the lowest level for 2007. Forty-one per cent of Americans reported feeling less confident about their job security, down four points from last month. Personal job loss experience held steady in October, with 31 per cent of consumers reporting job loss in their immediate circle compared to 33 per cent last month.

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