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Consumer Confidence Plummets In The Face Of Gas Price Hikes And Credit Crunch, According To RBC CASH Index

Expectations For The Future Nose-Dive Into Negative Territory

Washington, DC, November 9, 2007 — U.S. consumer confidence reached its lowest level in more than two years this month amid concerns over record-high oil prices, continued trouble in the housing market and higher inflation, 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 this week. Although consumer attitudes deteriorated across the board, the substantial drop in expectations contributed heavily to the sizeable decline in the overall index. As a result, the overall RBC CASH Index for November 2007 stands at 64, down more than 16 points from October's 80.6 level.

"While consumer sentiment has experienced some increases in confidence over the past few months, November's results point to the continuation of the overall year-long downward trend in economic confidence," said T.J. Marta, Economic and Fixed Income Strategist for RBC Capital Markets. "This month's consumer sentiment has collapsed to a level similar to that in the wake of Hurricane Katrina in 2005. Consumers have much to worry about: Rising energy and food prices, falling house prices and tightening lending standards. Although we do not expect a recessionary retrenchment by consumers, we do expect that economic growth will moderate substantially 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 financial 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 1,005 adults polled November 5-7, 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 outlook plunged sharply during the past month, as seen in the ***RBC Expectations Index***, which dropped 30 points, to -4.3, the first time the index hit negative territory since September 2005. The sizeable downturn in the index is due largely to increased concern about the strength of the local economy. This month, 27 per cent of consumers reported they believe their local economy will be weaker six months from now, up from 20 per cent in October.

- The ***RBC Current Conditions Index*** dropped more than 10 points to 90.3 in November, compared to 101.1 last month. Although Americans' perceptions of current local economic conditions and personal finances held steady this month, their assessments related to consumer purchases declined from October's levels. Fifty-five per cent of consumers said they were less comfortable making a major purchase than they were six months ago, up from 50 per cent in October.

- The ***RBC Jobs Index*** slid to 111.8, down nearly 11 points from October's 122.5 level due to consumers' negative view of overall job security coupled with increased personal job loss experience. This month, nearly half of Americans (46 per cent) say they are less confident about job security, up from 40 per cent in October. Additionally, 35 per cent of Americans reported job loss in their immediate circle this month, compared to 31 per cent in October.

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- Americans' confidence in their ability to make investments or major purchases also cooled this month, bringing the ***RBC Investment Index*** down nine points to 83.4, compared to 92.5 in October. The number of consumers reporting they are less confident in investing increased five points to 46 per cent, up from 41 per cent in October. Three in five Americans (60 per cent) believe the next 30 days will be a bad time to invest in the stock market, and a strong majority of consumers (65 per cent) believe the next month will be a bad time to buy real estate.

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

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