



### RBC CASH Index: Post-Holiday Blues Send Consumer Confidence To Lowest Level In Six Years

**Washington, DC, January 11, 2007** — Instead of bringing consumers a sense of renewed optimism, the New Year brought a severe case of post-holiday blues which have taken a serious toll on consumer sentiment, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index. Consumer confidence fell across the board and Americans' expectations for the future dipped into negative territory, according to the survey of 1,027 Americans taken earlier this week. As a result, the overall RBC CASH Index, released today by RBC, stands at 56.3 for January 2008, more than nine points below December's 65.9 level.

"The decline in the overall Index, to its lowest level since data collection began in 2002, highlights the impact that rising food and fuel costs and declining housing values are having on consumer confidence, said T. J. Marta, Economic and Fixed Income Strategist for RBC Capital Markets." With none of these headwinds likely to abate any time soon, consumers could pull back further on spending, increasing the risk of a recession.

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 1,027 U.S. adults polled from January 7-9, 2008, 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' economic outlook plummeted into negative territory during the past month, as seen in the **RBC Expectations Index**, which reached - 8.2, compared to 7.9 in December. January's reading represents the weakest level of optimism for future conditions since Hurricane Katrina hit. The downturn in the index is being driven by expectations that the economy as a whole will be weaker six months from now. Nearly one in three Americans (27 per cent) believe that their local economy will weaken in the coming months; currently, only one in five consumers (19 per cent) believe their local economy will be stronger six months from now.
- The **RBC Current Conditions Index** slid more than six points in January, down to 78.9, compared to 85.3 in December. Worries over the current state of the economy outweighed positive views, with one-third of Americans (32 per cent) rating their local economy as weak, considerably more than the 15 per cent who rate their local economy as strong.
- Americans' dim view of their future prospects and current conditions was mirrored in their outlook for making investments or major purchases. The **RBC Investment Index** declined more than three points to 76.3 this month, compared to 79.7 in December. The shift in consumers' investment confidence was driven by a decline in their confidence in investing for the future. In January, only 33 per cent of Americans reported they are more confident in their ability to invest in the future, compared to 37 per cent last month.



Confidence in stock market dropped sharply as fewer than one-third (30 per cent) of consumers indicated that the next month will be a good time to invest in the stock market, down from 36 per cent in December.

- Americans' perception of job security dropped this month, but remains relatively strong. The **RBC Jobs Index** for January stands at 106.9, compared to 113.9 last month. Personal job loss experience increased by four points this month, with 37 per cent of consumers reporting job loss in their immediate circle, compared to 33 per cent in December. In addition, only 32 per cent of Americans reported feeling more confident about their job security, down four points from last month.

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

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