



### Consumer Sentiment Continues Downward Trend, Driven By Steep Decline In Future Expectations, According To RBC CASH Index

**New York, NY, March 7, 2008** — Confronted with falling housing values, rising foreclosures and oil prices spiking above \$100 a barrel, the mood of the U. S. consumer darkened considerably this month, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index. Led by a sharp drop in consumers' optimism for the future, the overall RBC CASH Index, released today by RBC, stands at 33.1 for March 2008, compared to 48.5 in February.

"The latest RBC CASH Index shows consumer confidence continuing to decline, with the overall index and three of the four sub-indexes reaching record lows," said T.J. Marta, Economic and Fixed Income Strategist for RBC Capital Markets. "The U.S. consumer, who has carried the economy for the past half-dozen years, is in full defensive mode, battered by falling housing values, spiking food and energy prices, tightening lending standards, the teetering stock market and hints of weakening in the labour market."

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 1,013 U.S. adults polled from March 3-5, 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:

- Americans' confidence in future economic conditions, as measured by the **RBC Expectations Index**, plummeted to -41.6 this month, down from the -7.0 reading in February. The downturn in the index is being driven by a steep decline in consumers' expectations for their local economy. In March, more than one-third of consumers (35 per cent) believe their local economy will be weaker six months from now, up from 28 per cent last month.
- The **RBC Current Conditions Index** dropped nearly nine points to 54.7 in March, compared to 63.6 last month, due to a significant weakening in consumers' evaluations of the current state of the local economy. Currently, four in ten Americans (40 per cent) rate their local economy as weak, up from 35 per cent in February.
- Consumers' overall opinions regarding investing also fell this month. The **RBC Investment Index** stands at 56.7, down nearly six points from February's level of 62.6. Americans' attitudes regarding stock and real estate investments dropped significantly in March. Nearly seven in ten Americans (67 per cent) believe the next 30 days will be a bad time to invest in the stock market, versus 61 per cent in February. And despite the drop in housing prices, six in ten consumers (62 per cent) believe the next month will be a bad time to invest in real estate, compared to 58 per cent last month.
- Although eroding, Americans' confidence in job security remained the strongest facet of consumer sentiment this month. The **RBC Jobs Index** for March stands at 99.2, down from 101.3 last month. Just



over one-quarter of Americans (28 per cent) report they are more confident about their personal job security compared to six months ago, which is down from 32 per cent in February.

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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