



RBC CASH Index: Drumbeat Of Bad News Continues To Drive Consumer Sentiment Down

New York, NY, July 3, 2008 — Soaring gas and food prices and a stock market that just endured its worst June performance since the Great Depression are draining consumers' wallets as well as their confidence, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index. The survey found that, while consumer attitudes regarding the employment market show signs of stabilizing, Americans' confidence in future personal financial conditions, current conditions and investments continue to weaken. As a result, the overall RBC CASH Index for July 2008, released today by RBC, dropped to 14.6, a new all-time low since its inception in 2002, compared to 22.5 in June.

"The decline of the RBC CASH Index suggests that consumer sentiment has fallen to the dismal level of the early 1980s. Consumers are being ground down by the cumulative effects of high gasoline and food prices, a falling stock market, weakening housing values and a shaky job market," said T.J. Marta, Economic and Fixed Income Strategist for RBC Capital Markets. "Unfortunately, these negative conditions are likely to persist well beyond when the last of the tax rebate checks is cashed in July. Consequently, consumer sentiment is unlikely to reach healthy levels anytime soon."

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 June 26 - 29, 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' confidence in the future waned considerably as the **RBC Expectations Index** dropped nearly 11 points this month to -54.7, down from the -43.9 reading in June. Bleak economic times appear to have become self-reinforcing as fewer than one in five Americans (18 per cent) think their local economy will strengthen in the next six months, compared to 22 per cent last month. Worries over prospects for their personal finances continued to plague consumers as only one in four Americans (25 per cent) expect their personal financial situation to improve over the next six months, down from 31 per cent in June.
- Americans' negative views of the current state of their personal finances helped to drive down the **RBC Current Conditions Index** to 30.5 this month, compared to 40.5 in June. Currently, 37 per cent of respondents rate their personal finances as



weak, up from 30 per cent last month. Consumers' evaluations of the current state of their local economy also continued to deteriorate, as nearly half of Americans (48 per cent) rated their local economy as weak, up from 44 per cent in June.

- The **RBC Investment Index** stands at 36.1, down nine points from June's level of 45.1. The decline in Americans' attitudes regarding investing is being driven mostly by the weakness in their current personal finances. Seven in ten Americans (71 per cent) believe the next 30 days will be a bad time to invest in the stock market, versus 66 per cent in June.
- In spite of broader concerns about economic weakness, Americans' confidence in job security remained stable this month. The **RBC Jobs Index** for July stands at 89.1, compared to 87.3 last month. The number of Americans reporting personal job loss experience was statistically unchanged, with 41 per cent reporting that they or someone they know personally have lost their job as the result of economic conditions, compared to 43 per cent last month. In addition, confidence about personal job security held steady, with 58 per cent of Americans saying they are less confident about their personal job security now than they were six months ago, compared to 57 per cent in June.

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

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