



## **RBC CASH Index: U.S. Consumer Confidence Stops Free Fall**

**New York, NY, August 7, 2008** — Tumbling oil prices and a rebounding stock market appear to have placated Americans' economic jitters, resulting in a mid-summer halt in the downward spiral in consumer confidence that has persisted throughout 2008, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index. Overall consumer confidence rose 19.2 points in August, as Americans' worries over their economic prospects, current conditions and investing eased, although concerns about job security increased slightly. As a result, the overall RBC CASH Index for August 2008, released today by RBC, stands at 33.8, compared to 14.6 in July, which was an all-time low since inception of the CASH Index in 2002.

"Consumer sentiment bounced back due to a moderation in the prices of gasoline and oil as well as a modest rebound in the equity markets," said T.J. Marta, Economic and Fixed Income strategist for RBC Capital Markets. "However, the ongoing decline in house prices, continued tight credit conditions, and soft jobs market indicate that while sentiment might be in the process of bottoming at a very depressed level, it has not likely begun an upward trend. Historically, sentiment indicators can remain depressed during extended economic slowdowns, and they remained so for more than two years around the 1980-1 and 1990-1 recessions."

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 1,002 U.S. adults polled from July 31 - August 4, 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:

- Although still in negative territory for the eighth consecutive month, the **RBC Expectations Index** increased 50 points to -4.7 in August. The shift in the index is due largely to an improvement in Americans' expectations for personal finances and the economy as a whole. This month, nearly one in three consumers (29 per cent) believes their personal financial situation will be stronger six months from now (compared to 25 per cent in July). In addition, nearly one in four (23 per cent) believe their local economy will be stronger six months from now (compared to 18 per cent last month). Despite this significant improvement, more consumers believe the local economy will be weaker than stronger six months from now (26 per cent weaker compared to 23 per cent stronger), indicating the tenuous nature of consumer expectations at the current time.



- The **RBC Current Conditions Index** for August stands at 36.7, up 6.2 points after dropping sharply for the past two months. The slight improvement in the index is the result of a decrease in consumer negativity, rather than a surge in confidence. Currently, one-third (33 per cent) of respondents rate their personal finances as weak, down from 37 per cent last month. Consumers' evaluations of the current state of their local economy showed a similar trend, as 42 per cent of Americans rated their local economy as weak, down from nearly half (48 per cent) in July.
- The nascent improvement in consumer sentiment concerning current conditions and expectations helped to boost the **RBC Investment Index** 6.5 points, to a reading of 42.6 for August. Americans' attitudes regarding both stock and real estate investments also improved this month. Nearly three in ten Americans (28 per cent) believe the next 30 days will be a good time to invest in the stock market, versus 24 per cent in July. Four in ten consumers (41 per cent) believe the next month will be a good time to buy real estate, versus 35 per cent last month.
- During the course of 2008, consumers' attitudes regarding job security and job loss experience have softened substantially, indicating the depth of current economic woes. And, while other facets of the economy are beginning to show improvements, consumers are still concerned about the job market, as evidenced by the dip in the **RBC Jobs Index** to 85.8, from July's 89.1 reading. Although Americans' expectations regarding overall job security and personal job loss experience held steady this month, consumers' confidence in their personal job security weakened. This month, 63 per cent of Americans say they are less confident about their personal job security now than they were six months ago, compared to 58 per cent in June.

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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