



RBC CASH Index: U.S. Consumer Sentiment Improves, Driven By Strong Increase In Expectations For The Future

New York, NY, September 11, 2008 - Although the calendar indicates the end of summer is quickly approaching, it appears consumer confidence may be heating up, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index, which advanced for the second consecutive month. Overall consumer confidence climbed 35 points to stand at 69.2, compared to 33.8 in August. This month's RBC CASH Index was buoyed by an 81 point increase in Americans' expectations for the future. Gains also were made in every other facet of consumer sentiment, including assessments of current conditions, investing and job security.

"The dramatic rebound in consumer sentiment this month is as startling as some of the developments in recent weeks," said T.J. Marta, Economic and Fixed Income Strategist for RBC Capital Markets. "The prices of oil and gasoline are down 30 per cent and 12 per cent, respectively, from their peaks in July. The bailouts of Fannie Mae and Freddie Mac announced during the polling period represent a sweeping and historic move, which many hope will significantly mitigate the housing correction. In addition, this month's survey occurred immediately after the Republican convention and just a week following the Democratic convention, both of which have generated hope for change in Washington."

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 1,044 U.S. adults polled from September 5 - 9, 2008, by survey-based research company Ipsos Public Affairs. The margin of error was ± 3.1 per cent.

Highlights of the survey results include:

- Advancing out of negative territory for the first time in 2008, the **RBC Expectations Index** rose to 76.3 from its -4.7 reading in August. The shift in the index, which signals a much more optimistic assessment that economic conditions will begin to improve soon, is due largely to an improvement in Americans' expectations for personal finances and their local economy. This month, nearly four in ten consumers (38 per cent) believe their personal financial situation will be stronger six months from now (compared to 29 per cent in August). In addition, one-third of Americans (34 per cent) believe their local economy will be stronger six months from now (compared to 23 per cent last month). Past experience demonstrates that attitudes regarding the future are more volatile and subject to events-based swings. This suggests that the expectations results should be viewed with some degree of caution. However, the strength of the positive shifts in the August and September results reinforce the claim that attitudes are moving toward a more optimistic position.



- The **RBC Current Conditions Index** improved markedly in September to 55.2, compared to 36.7 in August. Americans' assessments of current local economic conditions rose this month with 14 per cent rating their local economy as strong, compared to 10 per cent last month. In contrast, ratings of current personal finances held steady in September, with one in four consumers (25 per cent) rating their current financial situation as strong, compared to 23 per cent in August.
- Consumers' confidence in the investment climate also climbed this month sending the **RBC Investment Index** to a reading of 63.8, up from 42.6 in August. Thirty-one per cent of consumers reported they are more confident in their ability to invest, compared to 25 per cent last month. Americans' attitudes regarding both stock and real estate investments also showed slight gains in September. One-third of consumers (33 per cent) believe the next 30 days will be a good time to invest in the stock market, compared to 28 per cent in August. More than four in ten consumers (44 per cent) believe the next month will be a good time to buy real estate, versus 41 per cent last month.
- Although other facets of the economy are beginning to show improvement, consumers are still somewhat guarded about the job market, as evidenced by the increase in the **RBC Jobs Index** by only 9.7 points in September to 95.5, compared to 85.8 last month. Americans' confidence regarding overall job security improved this month, while expectations about personal job loss experience held steady. This month, the share of consumers who say it is likely that someone close to them will lose their job in the next six months held steady at 23 per cent, compared to 25 per cent in August. In addition, 43 per cent of Americans reported job loss in their immediate circle, compared to 41 per cent in August.

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

For more information on this release, please contact:

Michael Gross, Ph.D.
Director
Ipsos Public Affairs
publicaffairs@ipsos-na.com
202.463.7300

About Ipsos

Ipsos is a leading global survey-based market research company, owned and managed by research professionals that helps interpret, simulate, and anticipate the needs and responses of consumers, customers, and citizens around the world. Member companies assess market



potential and interpret market trends to develop and test emergent or existing products or services, and build brands. They also test advertising and study audience responses to various media, and measure public opinion around the globe.

They help clients create long-term relationships with their customers, stakeholders or other constituencies. Ipsos member companies offer expertise in advertising, customer loyalty, marketing, media, and public affairs research, as well as forecasting, modeling, and consulting and offers a full line of custom, syndicated, omnibus, panel, and online research products and services, guided by industry experts and bolstered by advanced analytics and methodologies. The company was founded in 1975 and has been publicly traded since 1999.

In 2007, Ipsos generated global revenues of €927.2 million (\$1.27 billion U.S.). Visit www.ipsos.com to learn more about Ipsos offerings and capabilities.

Ipsos, listed on the Eurolist of Euronext – Comp B, is part of SBF 120 and the Mid-100 Index, adheres to the Next Prime segment and is eligible to the Deferred Settlement System. Isin FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP

About RBC Financial Group

Royal Bank of Canada (TSX, NYSE: RY) uses the initials RBC as a prefix for its businesses and operating subsidiaries, which operate under the master brand name of RBC Financial Group. Royal Bank of Canada is Canada's largest bank as measured by assets, and is one of North America's leading diversified financial services companies. It provides personal and commercial banking, wealth management services, insurance, corporate and investment banking, and transaction processing services on a global basis. The company employs approximately 60,000 people who serve more than 14 million personal, business and public sector clients through offices in North America and some 30 countries around the world. For more information, please visit www.rbc.com.

Media contacts:

Loretta A. Healy, The Hubbell Group, Inc., (781) 878-8882
Kevin Foster, RBC Capital Markets, (212) 428-6902