



RBC Cash Index: U.S. Consumer Confidence Experiences Largest Single Month Decline, as Americans' Expectations for the Future Plummet

New York, NY, October 9, 2008 - The implosion of Wall Street and the spreading economic crisis have taken a heavy toll on consumers, driving their confidence back down after a brief rally the past two months. According to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index, consumer confidence dropped 32 points in October - the largest single-month decline in overall sentiment since the Index began in January 2002. The RBC CASH Index currently stands at 37.0 compared to 69.2 in September, driven down by the sharp decline in consumers' economic expectations.

"The dramatic upswing in consumer sentiment last month stemming from declining energy prices has reversed just as suddenly. In the past month, Americans have been confronted by a worsening global credit crisis, a plummeting stock market, rising unemployment and continued housing price declines," said T.J. Marta, Economic and Fixed Income strategist for RBC Capital Markets. "We may be entering a period of manic-depression for consumers, with mood swings dictated by the latest good or bad news."

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 October 2 - 6, 2008, by survey-based research company Ipsos Public Affairs. The margin of error was ± 3.1 per cent.

Highlights of the survey results include:

- Consumers' economic outlook deteriorated sharply during the past month, as seen in the **RBC Expectations Index**, which stands at 5.1, a dramatic drop from September's 76.3 level. Although still relatively low, the proportion of Americans who think their personal financial situation will weaken over the next six months doubled this month, reaching 14 per cent, compared to 7 per cent in September. The shift in the Index, however, was mainly due to consumers' increased pessimism about their local economy. This month, more than one-quarter of consumers (27 per cent) believe their local economy will be weaker six months from now, compared to 13 per cent last month. Recent experience demonstrates that attitudes regarding the future are more volatile and subject to events-based swings. And although many consumers have not yet felt additional pressure stemming from the Wall Street meltdown, the climate of "doom and gloom" is significant enough to produce a substantial decrease in the **RBC Expectations Index** for October and drive the overall RBC CASH Index in a negative direction.



- Shell-shocked consumers also are clearly uncomfortable with current economic conditions, as evidenced by the 17.2 drop in the **RBC Current Conditions Index** to 38.0, compared to 55.2 in September. The decline in the index is primarily driven by a drop in Americans' comfort level for making major purchases or investments, and in their feelings about job security. Sixty-nine per cent of consumers said they were less comfortable making a major purchase than they were six months ago, up from 55 per cent in September. The one bright spot is that Americans' perceptions of their personal financial situations improved slightly in October, continuing the slow up tick observed since June's lows. Currently, 29 per cent of consumers view the current financial situations as weak, down from 33 per cent in September.
- A clear indication of the depth of consumers' economic woes is the 17 point drop in the **RBC Jobs Index** to 78.8, an all-time low for the **RBC Jobs Index** since it began in January 2002. Americans' confidence regarding overall job security declined this month, and expectations about personal job loss experience increased. The proportion of Americans who are more confident about their job security now than they were six months ago dropped to 23 per cent, compared to 30 per cent in September. In addition, the share of consumers who said that it is likely that someone in their immediate *circle will lose* their job in the next six months increased to 28 per cent in October, compared to 23 per cent last month. And the number of consumers who are confident that someone close to them *will not lose* a job in the next month declined significantly to 35 per cent from 46 per cent in September.
- Many Americans' watched the value of their investments evaporate this month, sending the **RBC Investment Index** to a reading of 47.0, down from 63.8 in September. More than six in ten Americans (62 per cent) report they are less confident in their ability to save and invest this month, compared to 51 per cent in September.

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