



### RBC Cash Index: US Consumer Sentiment Remains Under Siege After Plunging in October

**New York, NY, November 13, 2008** - Although energy prices have declined sharply, consumer sentiment remains under siege due to persistent negative forces ranging from the escalating job crisis to the prolonged housing debacle and the growing credit crunch, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index. Consumer confidence held steady in November, slipping only 2.3 points. Despite the overall outlook remaining gloomy, Americans' economic expectations for the future increased significantly. As a result, the RBC CASH Index currently stands at 34.7, compared to 37.0 in October.

"The overall RBC CASH Index continues to sag back towards the low established in July when sentiment was driven down by record energy prices. Although we have had a sharp decline in energy prices, consumer sentiment remains low as growing joblessness, the decline in the stock market and the ongoing housing market correction weigh on consumers' minds," said T.J. Marta, Economic and Fixed Income strategist for RBC Capital Markets. One positive sign is that the expectations subcomponent has climbed, likely reflecting optimism over the Presidential election, declining energy prices and the sweeping actions taken by the government to buoy the economy and financial system."

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 November 6 - 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:

- The **RBC Expectations Index** rebounded this month, increasing 18.2 points to 23.3, compared to 5.1 in October. Expectations regarding the health of the local economy improved in November as one-third of Americans (34 per cent) believe their local economy will be stronger six months from now, compared to only 31 per cent in October. In addition, the proportion of consumers who expect their local economy to be weaker in six months dropped from 27 per cent last month to 24 per cent in November. The 10 per cent gap between "stronger" and "weaker" perceptions this month, compared to the four per cent gap in October, contributed to the increase in the **RBC Expectations Index** for November.
- The **RBC Jobs Index** for November stands at 74.0, compared to 78.8 last month. Americans are the most pessimistic they have been about jobs since the inception of the RBC Jobs Index in January 2002. Consumers' jitters were fed by an increase in job loss experience. This month, nearly half of Americans (48 per cent) report having experienced job loss, either personally or in their close circle, compared to 41 per cent in October.
- The **RBC Current Conditions Index** dropped 12.4 points to a 25.6 reading, compared to 38.0 in October. The decline in the index is primarily driven by consumers' worries about



their current financial situation and an incremental downward shift in their attitudes about the current strength of their local economy. Currently, one-third (33 per cent) of consumers view their current financial situations as weak, up from 29 per cent in October, while only 21 per cent view it as strong, down from 25 per cent last month.

- Consumers' discomfort with purchasing, investing and saving is also driving down the **RBC Investment Index**. After dropping 12.2 points this month, the **RBC Investment Index** stands at 34.8, compared to 47.0 in October. Americans are also more cautious regarding purchases. Seven out of ten (71 per cent) consumers report they are less confident in making a major purchase such as a home or car, compared to 69 per cent last month.

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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