



RBC CASH Index: U.S. consumer sentiment continues downward slide, according to RBC CASH Index

Declining expectations for the future drive drop in confidence

New York, NY, July 16, 2009 - Led by a dramatic decline in the expectations of U.S. consumers for the near future of the U.S. economy, the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index show a marked downward shift for July 2009, continuing the slide begun last month. The **RBC CASH Index** for July 2009 stands at 22.4, an 11.9 point decline from June's 34.3 reading.

"The RBC CASH Index for July confirms what we first saw last month: consumers are getting realistic. They're coming to grips with the idea that we will not see a quick economic turnaround but instead face a lengthy, drawn-out recovery," said RBC Capital Markets Managing Director Larry Miller. "Consumer confidence is resetting to the levels seen earlier this year and is likely to remain there until there is concrete evidence of a turnaround."

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 July 9-13, 2009, by survey-based research company Ipsos Public Affairs. The margin of error was ± 3.1 per cent.

Highlights of the survey results include:

- Consumers' expectations regarding future economic conditions hit a wall this month, as the **RBC Expectations Index** plunged sharply, dropping 36.1 points to 4.8, compared to 40.9 in June. After four consecutive months of rising hopes that the economy would turn around in the next six months, the longest such increase in expectations since the launch of the index in 2002, many Americans are coming to grips with the idea that it may still be some time before things get better.
- Consumer confidence in current conditions has stabilized after a dramatic drop last month, with the **RBC Current Conditions** Index for July 2009 standing at 23.3, an insignificant decrease of 0.5 points compared to June's 23.8. This stability follows a plunge of nearly 50 per cent last month, the largest single drop in the index since the start of the recession. Analysis indicates that, prior to the drop in last month's survey, current conditions were buoyed artificially by soft gas prices and tax refunds.
- The **RBC Investment Index** showed little movement this month, standing at 30.9 for July 2009. This is a 3.5 point decrease from June's level of 34.4. While most



of the decrease in investment confidence stems from consumers' weakening financial conditions, they also are less comfortable with investing and major spending. Nearly two-thirds (64 per cent) of consumers say they are less confident now in their ability to make investments for the future, including retirement and education, than they were six months ago. Consumers' confidence in the stock market also waned after the rollback in the equity markets that began in mid-June. Currently, 68 per cent of consumers say it is a bad time to invest in the stock market, compared to 63 per cent in June.

- Despite the unemployment rate reaching the highest level in 26 years, the **RBC Jobs Index** for July saw a minor uptick to 50.5, up 3.8 points from the 46.7 observed in June. The slight increase in confidence in the job market comes alongside growing indications that the rate of job loss is slowing. In July, 31 per cent of consumers say it is likely that they or someone in their family or friends will lose their job in the next six months. This is down from the 35 per cent expressing job security concerns in June.

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
(202) 463-7300
publicaffairs@ipsos-na.com

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Media contacts:

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