



RBC CASH Index: U.S. consumer sentiment rebounds from summer doldrums, according to RBC Index Declining expectations for the future drive drop in confidence

Positive economic news and rising markets driving improved consumer confidence, but Jobs Index remains low

New York, NY, August 7, 2009 - Led by rising investment confidence and expectations for the future, the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index show a sharp upswing in consumer sentiment for August 2009, reversing the slide of the previous two months. The **RBC CASH Index** for August stands at 37.5, a 15.1 point increase from July's 22.4 reading. Although consumer sentiment remains volatile, the Index saw improvement in all four of its sub-indices, which measure consumers' views of current conditions, their expectations for the future and their confidence in investing and job security.

"The RBC Index for August showed a strong bounce in overall confidence but, as the relatively low readings in the sub-indices show, the economic recovery continues to face a number of headwinds, particularly in the job market," said RBC Capital Markets' U.S. Economist Tom Porcelli. "On that front, the RBC Jobs Index remains at a relatively low level and suggests a continued difficult labor backdrop to any recovery."

The RBC 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 30-August 3, 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 rebounded strongly this month, as the **RBC Expectations Index** for August 2009 surged to 29.1, up 24.3 points from 4.8 in July. Economic expectations remain the most volatile aspect of consumer sentiment. Currently, 34 per cent of consumers believe the economy in their community will be stronger in the next six months, while 19 per cent believe it will continue to weaken. Just last month, consumers were split much more closely on this question, 31 percent/24 per cent.
- Confidence in current conditions has jumped after declines in the past two months, with the **RBC Current Conditions Index** for August 2009



standing at 36.6, up 13.3 points from July's 23.3. Consumer comfort with making general household purchases has strengthened after several months of declines. In August, 25 per cent of consumers say they are "more comfortable" making household purchases than they were six months ago, up six points from the 19 per cent saying the same in July and equalling the highest level seen in a year.

- The **RBC Investment Index** showed strong upward movement this month, rising to 43.9, a 13-point increase from July's level of 30.9. After a month-long stock market rally, the share of American consumers who are confident investing for the future improved to 28 per cent this month, from 22 per cent in July. Moreover, 36 per cent of consumers say it is a good time to invest in the markets, up from 25 per cent in July. This is the highest level of confidence in the markets since the end of 2007.
- Amidst signs that the rate of job loss is slowing, the **RBC Jobs Index** for August rose to 53.2, up 2.7 points from the 50.5 observed in July. Despite the uptick, the Jobs Index remains well below the 85.8 level recorded a year ago. The biggest negative influence on confidence in job security continues to be real experiences in job loss. Two-thirds (64 per cent) of American consumers continue to say they or someone in their close circle have lost a job in the last half-year, the same rate observed over the last five months.

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

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