



### **RBC CASH Index: Consumer confidence drops sharply on weak economic news**

**New York, NY, November 5, 2009** - Consumer confidence fell across the board in the past month, according to the most recent results of the RBC CASH (Consumer Attitudes and Spending by Household) Index. The RBC Index for November 2009 stands at 30.2, down 21.6 points from October's 51.8 reading. Higher gas prices, slumping retail sales, volatile stock markets and continuing joblessness resulted in the sharpest one-month drop in consumer sentiment since last autumn's financial crisis.

"This month's RBC Index results show that American consumers are not yet convinced that their financial and employment situations are stable," said Ira Jersey, head of U.S. Interest Rate Strategy for RBC Capital Markets. "The sharp drops in the Expectations and Investment sub-indices highlight the challenges that personal consumption is likely to face over the next several quarters. Although we have pulled back from the abyss, consumer attitudes remain susceptible to negative news."

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 1,002 U.S. adults polled from October 29-November 1, 2009, by survey-based research company Ipsos Public Affairs. The margin of error was  $\pm 3.1$  per cent.

The decline in consumer confidence during the past month erased the gains made in recent months, returning sentiment to levels last seen early this summer. The weakness was consistent across the RBC Index's four sub-indices, which measure consumers' views of current conditions, their expectations for the future and their confidence in investing and job security. Highlights of the survey results include:

- Confidence in current conditions worsened substantially, with the **RBC Current Conditions Index** for November 2009 standing at 28.8, down 21.5 points from the October reading of 50.3. The share of consumers saying their personal financial situation is weak has increased to 33 per cent in November from 27 per cent last month. The unease with personal finances is reflected in lower confidence in making major purchases such as a house or car: Seven in ten consumers (69 per cent) report they are less comfortable than they were six months ago, compared to 63 per cent who were less comfortable in October.
- Consumer expectations for the near-term economic future fell substantially in November, driven primarily by weakness in attitudes regarding local economies. The **RBC Expectations Index** for November 2009 plunged to 21.9, a 32.3 point drop from its 54.2 reading in October, which had been



the strongest level of consumer expectations in 2009. The primary reason for concern in the near term is with consumers' local economies. Currently, fewer than one-third of Americans (30 per cent) expect their local economy to be stronger six months from now, down from 36 per cent in October.

- The **RBC Investment Index** dropped 21.4 points this month, to 36.6 from a 58.0 level in October. The slide stems primarily from decreased confidence in the ability to invest in the future. The number of consumers who say they are less confident investing for the future has risen to 59 per cent, a sizeable increase in pessimism compared to October, when 54 per cent said they were less confident.
- The **RBC Jobs Index** for November fell less than the other indices, dropping 8.4 points to stand at 50.9, compared to 59.3 in October. Confidence in the job market has declined, mirroring continuing job losses in the economy. Worry regarding job conditions jumped in the past month. Two-thirds of consumers (66 per cent) report they are less confident about job security this month, compared to 58 per cent who said they were less confident in October.

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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