



RBC CASH Index: U.S. consumers still pessimistic about economy, but starting to show optimism about their personal finances

New York, NY, April 8, 2010 - A majority of Americans (82 per cent) feel their local economy will stay the same or weaken within the next six months, according to inaugural survey findings from the RBC Consumer Outlook Index, the new monthly survey of U.S. consumers released today by RBC. However, there are signs of growing confidence, with just over half of Americans (51 per cent) now feeling optimistic about their personal financial situations.

The RBC Consumer Outlook Index provides the most comprehensive, forward-looking analysis of consumers' national and local perceptions of the economy and their personal financial situation based on a representative nationwide sample of 1,007 U.S. adults polled from April 1-5, 2010, by research company Ipsos. Going forward, RBC will publish the Index on a monthly basis. Future reports will include comparisons and analysis regarding significant shifts in consumer attitudes and behaviours, as well as regional breakouts.

"We strongly believe this first look at what consumers are thinking now will be of tremendous value to those looking for insightful and predictive market analysis," said Marc Harris, Co-Head of Global Research at RBC Capital Markets. "We think that investors will tune in for the data, talk about it and trade on it."

Unlike other indices which take a retrospective approach, RBC's monthly index offers market participants the most up-to-date and detailed projections of the attitudes and behaviours of U.S. consumers. With 36 questions, more than double the number of other indices, the RBC Consumer Outlook Index is unmatched in terms of depth, providing a rich trove of data for a better understanding of what consumers are thinking now regarding their personal financial situation, job status and security and the current and future state of the national and local economies. The survey also includes a fixed number of questions related to spending, saving and investor confidence.

The survey found that consumers are also increasingly confident about their current personal financial situations. More Americans feel good (51 per cent) than bad (45 per cent) about their personal financial situation, a reversal of March benchmark data (42 per cent good versus 55 per cent bad). Consumers also feel better about their spending money, up six points from March benchmark data (42 per cent good in April versus 36 per cent good in March).

Although close to half of consumers (46 per cent) expect interest rates to increase over the next six months, they are also split on whether now is a good time to buy real estate, such as house or a vacation property, with 34 per cent saying now is a good time to buy and 36 per cent saying it is not.

Despite gains in the stock markets over the past year, Americans also are divided over whether this is a good time to invest in the markets, with 20 per cent saying it is a good time, 28 per cent saying it is a bad time and 52 per cent saying they are unsure.



However, this is an improvement from benchmark data collected in March, when 38 per cent thought it was a bad time to invest.

Asked if they are more or less confident about job security for themselves, their family or other people they know personally, only 13 per cent of those polled said they are more confident, 41 per cent said they are less confident and 42 per cent said their comfort level had not changed. Again, however, this was an improvement over March's unreleased benchmark data, when 49 per cent were less confident.

"While consumer expectations remain weak in an absolute sense and may not be improving at a torrid pace, they continue to show incremental improvement and steady progress after bottoming out during the financial crisis and recession, particularly with consumers showing growing confidence in their personal financial situations," said Harris. "People do feel somewhat better but are by no means ready to let loose and rejoice."

Americans' cautiousness is reflected in their plans to use expected tax refunds. Four-in-ten (45 per cent) of those respondents who believe they are receiving a tax refund this year said they would use the refund to pay down or pay off debt, and 26 per cent said they plan to save their refund. Just 28 per cent plan to use a tax refund to buy things they want or need.

While a slight majority of Americans (56 per cent) continue to believe the United States is on the wrong track, this was an improvement from benchmark data collected but not released in March, where 62 per cent felt the U.S. was heading in the wrong direction. Finally, Americans expressed skepticism about the benefits of the recently enacted healthcare reform legislation. A majority of Americans think that healthcare reform will result in their seeing higher taxes (75 per cent), higher out-of-pocket healthcare costs (68 per cent) and a reduced quality of care (53 per cent). Three-quarters of the survey respondents (76 per cent) doubted that healthcare reform would lower their health insurance premiums.

The RBC U.S. Consumer Outlook Index provides the most up-to-date and comprehensive outlook of U.S. Consumers based on data collected from interviews with a nationally representative sample of 1,007 U.S. adults conducted over a five-day polling period during the first week of each month by Ipsos, the world's second-largest market and opinion research firm. The results in this news release reflect some of the findings of the Ipsos poll conducted April 1-5, 2010. The RBC Consumer Outlook Index is released within 36 hours after the U.S. online panel members are interviewed. Weighting is employed to balance demographics and ensure that the survey sample's composition reflects that of the U.S. adult population according to Census data and to provide results intended to approximate the sample universe.

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



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