



**RBC Consumer Outlook Index: U.S. consumers beginning to shed anxiety about economy**  
**Consumers still cautious about spending and investing; Another "stay-cation" summer**

**New York, NY, May 6, 2010** - Americans are beginning to shed their anxiety about the economy which has dominated consumer sentiment over the past two years, and are less pessimistic about both their local economies and job security, according to findings from the RBC Consumer Outlook Index. Driven by improving attitudes about the local economy, the RBC Consumer Outlook Index climbed to 72.7 in May 2010, up 8.1 points from April's 64.6 level. However, consumers remain very concerned about their personal finances and deeply skeptical about investing and the national economy.

The uptick in consumer confidence has been slow, since many consumers do not see things as especially stronger than last month. The share of consumers rating their local economy as "very weak," at 52 per cent, continues to drop, down from 55 per cent in April and 59 per cent in March. In addition, 22 per cent expect their local economy to grow stronger in the next six months, up from 18 per cent last month.

Consumers are also slightly less concerned about job security. Forty-two per cent of consumers say it is unlikely that someone they know will lose their job in the next six months, significantly better than the 36 per cent saying that in April. However, the number of consumers actually experiencing job loss in their immediate circle is unchanged from last month, at 49 per cent.

"This month's RBC Consumer Outlook Index shows that consumers' negative attitudes are moving towards neutral, but not yet into positives - they are not yet ready to say that things have gotten better, especially when it comes to the national economy," said Marc Harris, co-head of Global Research at RBC Capital Markets. "Few Americans are ready to say they are enjoying good times."

Despite consumers' increased confidence in employment and the local economy, they remain very concerned about the national economy. Overall, 31 per cent of consumers believe the U.S. economy will improve in the next year, while 26 per cent believe it will worsen and 43 per cent expect it to stay the same.

Summer spending plans are a historically good barometer of consumer sentiment, and this year's plans show consumers are remaining cautious. Fewer than one-in-eight consumers say they plan to spend more this year than last on travel and vacations (12 per cent); entertaining and socializing (11 per cent); apparel or clothing (eight per cent); and dining out (eight per cent).

With summer vacations approaching, a large majority of consumers plan to stay at home on "stay-cation" (63 per cent) or drive somewhere for a vacation (59 per cent). Consumers are



much less likely to fly domestically for a vacation (26 per cent) or travel internationally (12 per cent).

More broadly, the share of Americans thinking the United States is generally on the wrong track climbed to 60 per cent in May, with 40 per cent saying the country is on the right track. In April, 56 per cent said the country was on the wrong track, and 44 per cent said it was in the right track.

Consumers remain concerned about their own finances. Half of consumers (49 per cent) say that their personal financial situation is bad compared to three months ago, with 45 per cent expressing this in April. Similarly, 44 per cent continue to describe their current finances as weak (compare to 43 per cent in April).

Looking ahead, only 20 per cent of consumers believe their debt level will improve in the next three months, down from 23 per cent in April. A majority (52 per cent) believes that their discretionary income, after bills are paid, will remain the same in the next three months.

Concern about the broader economy has left consumers jittery about investing in the markets or real estate. Only 20 per cent of consumers think it is a good time to get into the stock market, a level that is unchanged from last month. One-third (32 per cent) say that this month is a good time to buy real estate, down slightly from April's 34 per cent. However, the number of consumers actually shopping for a new house inched up to eight per cent in May 2010, compared to six per cent last month.

The overall impression from this month's RBC Consumer Outlook Index is of consumers slowly growing more confident about their local situations but not yet convinced that a robust recovery is here to stay at the national level.

"Consumers are saying 'Show-Me.' They want to see proof of solid, long-term economic improvement before they are willing to believe the recovery is here to stay," said Harris. "Until they see that proof, they are going to continue to withhold judgment, and that could affect their spending and investment plans."

*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 1,008 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 29-May 2, 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 Consumer Outlook Index report can be viewed at:  
<http://www.rbc.com/newsroom/rbc-consumer-outlook-index-releases.html>



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