



**RBC Consumer Outlook Index: Majority of American families plan to spend less than last year or nothing at all on back-to-school shopping**

**New York, NY, August 5, 2010** - Six-in-ten American families with children at home (62 per cent) say they plan to spend less this year than last or nothing at all on back-to-school shopping, according to the RBC Consumer Outlook Index. Although most families are cutting back, nine per cent say they actually plan to spend more and 29 per cent say they will spend about the same this year as last year on back-to-school items.

Despite a planned reduction in back-to-school spending, a barometer of consumer sentiment, consumer confidence as measured by the RBC Consumer Outlook Index rebounded this month, increasing to 63.9, compared to 47.2 in July. The improvement in the Index is driven primarily by less negative sentiment about job security and future economic prospects, rather than any sudden optimism.

"The pull-back in back-to-school shopping is a true sign of the times," said Tom Porcelli, U.S. Market economist at RBC Capital Markets. "The economic recovery has been slow and uneven leading to diminished expectations for many Americans. As they adjust to living in this new economic reality, consumers continue to remain very cautious when it comes to personal spending."

While this month's index shows consumers' interest in investing in real estate is edging up, they are not at all sure about the fate of the housing market. Asked how they expect the prices of homes for sale in their neighborhood will change in the next year, 32 per cent said they would increase, 37 per cent said they would stay the same and 31 per cent said they would decrease.

Despite ongoing job losses, relative confidence in personal job security showed signs of improvement this month. Forty-three 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 35 per cent saying that in July. However, the number of consumers actually experiencing job loss in their immediate circle was 53 per cent this month, basically unchanged from July's 52 per cent.

Although the recession continues to have lingering effects, consumers' assessments of the future of the economy were less pessimistic this month. More than half of Americans (54 per cent) say the economy in their local area remains very weak, yet only 23 per cent of consumers expect their local economy to weaken in the next six months, down from 28 per cent last month. More broadly, 40 per cent of Americans say the national economy will get worse in the next six months, compared to 44 per cent in July.

The survey also found that consumers continue to be concerned about the soundness of the market and are increasingly wary about investing. This month, 40 per cent of consumers say that this is a bad time to invest in the stock market, compared to 34 per cent in July. However,



the share who say it is a good time to invest in the market remained unchanged from last month at 16 per cent.

Consumers are, however, feeling better about where interest rates are headed this month. Only 36 per cent say that interest rates will go up in the next six months, compared to 41 per cent in July. Americans are also feeling better about purchasing real estate, with 35 per cent saying it is a good time to buy property, up from 31 per cent last month.

"Consumers are feeling tapped out and are not at all convinced that their financial and employment situations are stable," said Porcelli. "What appears to be more likely is that fears and concerns are subsiding and more consumers are saying 'things are about the same'. Unfortunately for us all, 'the same' reflects a fairly poor economic climate."

*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 more than 1,000 U.S. adults conducted over a multi-day polling period 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 of 1,008 U.S. adults conducted July 28 - August 1, 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>

**For more information on this release, please contact:**

Michael Gross, Ph.D.  
Director  
Ipsos Public Affairs  
(202) 463-7300  
[publicaffairs@ipsos-na.com](mailto:publicaffairs@ipsos-na.com)

**About Ipsos**

Ipsos is a leading global survey-based market research company, owned and managed by research professionals. Ipsos helps interpret, simulate, and anticipate the needs and responses of consumers, customers, and citizens around the world.

Member companies assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers.



They test advertising and study audience responses to various media. They measure public opinion around the globe.

Ipsos member companies offer expertise in advertising, customer loyalty, marketing, media, and public affairs research, as well as forecasting, modeling, and consulting. Ipsos has a full line of custom, syndicated, omnibus, panel, and online research products and services, guided by industry experts and bolstered by advanced analytics and methodologies. The company was founded in 1975 and has been publicly traded since 1999.

In 2009, Ipsos generated global revenues of €943.7 million (\$1.31 billion U.S.).

Visit [www.ipsos.com](http://www.ipsos.com) to learn more about Ipsos' offerings and capabilities.

### **About RBC Financial Group**

Royal Bank of Canada (TSX, NYSE: RY) uses the initials RBC as a prefix for its businesses and operating subsidiaries, which operate under the master brand name of RBC Financial Group. Royal Bank of Canada is Canada's largest bank as measured by assets, and is one of North America's leading diversified financial services companies. It provides personal and commercial banking, wealth management services, insurance, corporate and investment banking, and transaction processing services on a global basis. The company employs approximately 60,000 people who serve more than 14 million personal, business and public sector clients through offices in North America and some 30 countries around the world. For more information, please visit [www.rbc.com](http://www.rbc.com).

### **Media contacts:**

Kevin Foster, RBC, (212) 428-6902

Kait Conetta, RBC, (212) 428-6409