



RBC Consumer Outlook Index: More Americans think nation is on the wrong track compared to a year ago

However, attitudes about the economy, home prices, stock market and investments ticking upwards

Jobs are overwhelmingly top concern with midterm elections less than a month away

New York, NY, October 8, 2010 - Although Americans' attitudes about the economy, home prices, the stock market and the value of their investments have improved, many are less optimistic about the future direction of the nation today compared to this time in 2009, according to the monthly RBC Consumer Outlook Index. Fewer consumers (37 per cent) think the U.S. is currently on the right track compared to those polled a year ago (41 per cent).

This month's index reflects the analysis of data from a survey of 1,007 U.S. adults taken September 30-October 3, 2010.

"True confidence continues to elude consumers," said Marc Harris, co-head of Global Research at RBC Capital Markets. "While the October numbers saw a steady increase from the prior month's reading in several areas, consumers' attitudes have seen no consistent positive momentum since the beginning of 2010 as the economy continues to struggle. Overall, consumer confidence is barely treading water."

The RBC Consumer Outlook Index also shows that jobs are still the number one concern on Americans' minds. With the upcoming midterm elections less than four weeks away, one thing is clear: Job creation and protection is the most important issue for Americans (56 per cent). According to the RBC survey, 16 per cent said keeping taxes low is the most important issue for Americans and, interestingly, only three per cent said fixing the housing market is most important.

Additional highlights from the October 2010 RBC Consumer Outlook Index:

- **Jobs sub-index flatlines.** In advance of the upcoming payroll reports, stagnation in the RBC Jobs sub-index following the previous month's sharp decline does not bode well. The sub-index was flat for the month of October at 69.9, compared to 69.8 for September.
- **Consumers slightly more confident about their own financial health and economy.** Consumers are more optimistic this month than last, with only 38 per cent of those polled saying the national economy will worsen over the next three months, down from 45 per cent of those polled last month. Fewer people polled this month thought the economy and their own financial situation would worsen over the next year. Long term expectations continue to strengthen, with 25 per cent of those polled saying the economy could get worse this year, down from 28 per cent last month.
- **Americans more optimistic about home values in their neighborhoods.** Thirty-one per cent of those polled this month thought that the prices of homes in their neighborhood



would increase in the year ahead, compared to 25 per cent last month. Only 27 per cent of those polled this month said home prices in their neighborhood would decline, a significant decrease from the 40 per cent who expected a decline a month ago.

- **Slight increase in confidence does not translate into increased spending.** Even though this month's survey suggests some shifts in attitudes, it does not translate into changes in consumer spending behavior. In fact, compared to last month, a greater number of consumers said they would spend less. The Current Conditions sub-index -- a good proxy for how consumers feel right now about spending -- was virtually flat month over month, which could be perceived as a concerning signal for the holiday selling season. The reading was 57.4 for October versus 57.0 for September.
- **Americans slightly more optimistic about investing in stock market, less nervous about their investments.** Thirty-four per cent of the stock-owning population polled said the next 30 days would be a good time to invest in the markets, compared to 26 per cent of those who said this last month. However, the low reading means that despite the accommodative Fed commentary and a massive equity market rally in September, well over 50 per cent of Americans polled say they are still not sure if now is a good time to invest in stocks.
- **Consumers less panicked about the quality of their investment portfolios.** Just 52 per cent this month classified the value of their investments as "bad" compared to 60 per cent last month.

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 1,007 U.S. adults conducted September 30 - October 3, 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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