



## **RBC Consumer Outlook Index: U.S. Consumer Confidence Declines in July after Hitting Recent High Last Month**

### ***Post-Recession, Americans Continue to Spend Less, Bargain-Shop***

**New York, NY, July 7, 2011** - After improving last month to its highest level since the beginning of the financial crisis in 2008, U.S. consumer confidence resumed its roller-coaster ride and sagged in July, as measured by the RBC Consumer Outlook Index. According to the Index, consumer confidence declined to 43.7 for July, down 3.0 points from the 46.7 reading in June.

Americans continue to be frugal - a trend that began during the last recession, according to a survey of 1,000 Americans conducted for the RBC Consumer Outlook Index. Overwhelming numbers of consumers say that they are spending the same or less than they did last year - 42 per cent say that they spent the same amount in the first half of the year as they did last year while 47 per cent say that they spent less. Looking ahead, most (93 per cent) plan to keep to the same spending patterns in the second half of 2011 or cut back even more (43 and 50 per cent respectively).

More than one-in-four Americans (28 per cent) shifted to shopping at lower-priced stores during the recession and are still shopping there, compared to only eight per cent who shifted to discounters but have since switched back to their usual shopping sites. One-third (37 per cent) say that they have always used lower-price stores and a quarter (27 per cent) never shifted from their preferred stores.

"The overall trend in consumer confidence since it bottomed out early in 2009 has been positive, but the improvements have been erratic. After a solid rally last month, the RBC Consumer Outlook Index for July saw across-the-board declines, with decreases in all of the sub-indices, indicating the continued fragility of the national psyche," said RBC Capital Markets Chief U.S. Economist Tom Porcelli. "Americans continue to doubt the overall health of the economy, and we are unlikely to see a sustained, robust rebound in confidence until they have enough positive news to change their minds."

Despite the decline in the RBC Consumer Outlook Index, positive trends are present in the data. The number of consumers expecting gas prices to rise in the next year has fallen to 67 per cent, the lowest point since the survey started tracking this question. In addition, actual experience with job losses remains unchanged from last month, at 38 per cent. This remains the best score on this metric observed since 2008.

Although actual job losses remained stable, the **Jobs Sub-Index** dipped to 52.8 this month, down 1.9 points from 54.7 in June, and has once again slipped below its historical mean of 53.9. The decline was partially driven by a slight decrease in the number of consumers (40 per cent) who say that it is not likely that they or someone they know will lose their job in the next six months, compared to 44 per cent last month.

This month's drop in the RBC Consumer Outlook Index is driven partly by a weaker **Current Conditions Sub-Index**, which dipped 3.4 points to 33.4, from 36.8 in June. Half of Americans (48 per cent) say they are less comfortable making a major purchasing decision, such as a home or car, than they were six months ago.



The **Investments Sub-Index** dropped 4.7 points to 36.3, down from 41.0 in June. Only 14 per cent of Americans think it is a good time to invest in the stock market over the next month and half (51 per cent) do not think it is a good time to invest.

The **Consumer Expectations Sub-Index** also declined this month to 53.1, down 3.5 points from 56.6 in June. Looking ahead six months from now, just 23 per cent of Americans expect their personal finances will be stronger than they are today, down from 30 per cent in June.

Consumers remain uncertain about the state of the U.S. economy overall. Roughly as many believe that the economy will improve in the next year (25 per cent) as think it will get worse (28 per cent). In addition, 63 per cent of Americans say the country is on the wrong track, compared to 62 per cent last month, while 37 per cent say it is headed in the right direction.

#### **About The RBC Consumer Outlook Index**

*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 1,014 U.S. adults conducted June 28-July 1, 2011. 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 2010, Ipsos generated global revenues of €1.140 billion (\$1.6 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 contact:**

Kait Conetta, RBC, (212) 428-6409