



RBC Consumer Outlook Index: Consumer Confidence Slides for Second Straight Month

Debt ceiling debate, job and investment worries take toll on consumer confidence

New York, NY, August 4, 2011 - Although Congress and President Obama have agreed to raise the debt ceiling, a majority of Americans say that the debate has made them less confident in the nation's economic recovery. More than half (54 per cent) of Americans surveyed say that the debt ceiling debate has made them feel less confident in the economy, and 42 per cent say that it has made them less confident in their own finances and investments, according to the August RBC Consumer Outlook Index. The RBC survey was completed immediately before the resolution of the debt ceiling negotiations.

Indicative of Americans' concern with the state of the country, the number of Americans saying the U.S. is on the wrong track spiked in August to 76 per cent, up from 63 per cent last month, and the highest rate since July 2008. Only 24 per cent of Americans say the country is headed in the right direction.

Confirming the nation's restive mood, U.S. consumer confidence dropped in August for the second straight month as measured by the RBC Consumer Outlook Index. According to the Index, consumer confidence declined to 40.2 for August, down 3.5 points from the 43.7 reading in July and 6.5 points below the post-recession high of 46.7 in June.

"There is clearly a strong inclination to highlight the wrangling in Washington over the debt ceiling as having weighed heavily on confidence this month," said RBC Capital Markets chief U.S. economist Tom Porcelli. "However, we would caution against assigning all the blame on this one aspect of the recent backdrop, which to say the least, has been disappointing. We would also highlight the jobs index and the investment index within the overall RBC Index as particularly troubling."

Although the overall RBC Consumer Outlook Index declined, employment security remained relatively stable in August, with the **Jobs Sub-Index** falling only 0.8 points to stand at 52.0. While this is down from June's high-water mark, it remains above the low point for the year. Job confidence also remains stable, as actual experience with job losses fell slightly from last month to stand at 37 per cent. This remains the best score on this metric since 2008. However, 31 per cent of Americans say they or someone in their household is currently worried about losing their job, up from 25 per cent last month.

This month's drop in the overall RBC Consumer Outlook Index is driven partly by a weaker **Current Conditions Sub-Index**, which dipped 4.5 points to 28.9, from 33.4 in July. Three out of five Americans (59 per cent) say they are less comfortable making a major purchasing decision, such as a home or car, than they were six months ago, which is up from 48 per cent last month.

The **Investments Sub-Index** dropped 4.7 points to 31.8, down from 36.3 in July. Half of Americans (52 per cent) think that the next 30 days will be a bad time to invest in the stock market, up from 35 per cent last month. The stock market, as represented by the Dow Jones Industrial Average, had lost almost five per cent in the days leading up to the RBC survey.



The **Consumer Expectations Sub-Index** also declined this month to 49.4, down 3.7 points from 53.1 in July. While optimists and pessimists roughly balanced each other out for most of the year, in August, twice as many Americans expect the economy to worsen versus improve (40 per cent, versus 18 per cent).

After declining for two months, gas prices have reemerged as a major concern for consumers. Pump prices have risen over the last month, and the number of consumers expecting gas prices to rise in the next year has increased to 82 per cent, up from 67 per cent in July.

With the back-to-school spending season underway, two out of five parents (40 per cent) say that they plan to reduce their spending this year because of the economy. The responses are essentially unchanged from a similar question asked a year ago, indicating that the impact of economic conditions is the same.

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 July 28-31, 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

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 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.

Media contact:

Kait Conetta, RBC, (212) 428-6409