



# RBC Consumer Outlook Index Findings

November 2011

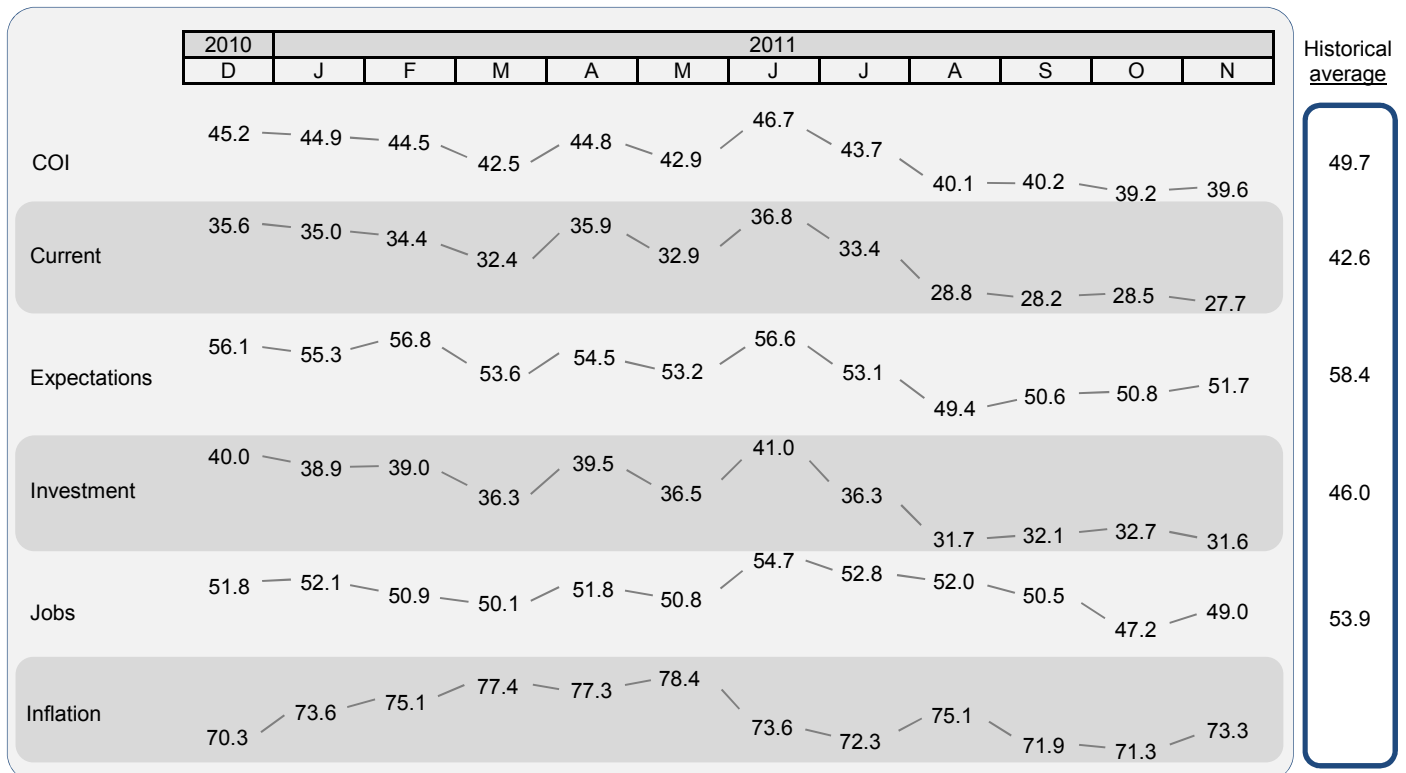


The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs* Indices are calculated from the aggregate responses and are based on 0-100 point scales.

## American Consumer Confidence Unchanged in November

- While recent GDP figures indicate that we have avoided another recession so far, American consumer confidence remains mired in the pits. With no positive economic news, stubbornly high unemployment and continued political dysfunction, American consumers can be forgiven for having a hard time finding a silver lining to current economic conditions.
- The overall *RBC Consumer Outlook Index* is up a negligible amount – 0.4 points -- for November 2011, to stand at 39.6. This continues to place consumer confidence below the average level observed during the 2008-2009 recession (40.2).
- Americans report the least comfort with current conditions seen since 2008. The *RBC Current Conditions Index* is down 0.8 points from October's 28.5 to stand at 27.7.
- On a positive note, the *RBC Jobs Index* stopped its decline, improving 1.8 points to stand at 49.0. While this score is still very low, it is the first positive movement since June.
- The *RBC Expectation Index* also showed little movement. The Index currently stands at 51.7, up 0.9 points from last month.
- The *RBC Investment Index* declined marginally. Investment is down 1.1 points from October to stand at 31.6.
- Finally, the *RBC Inflation Index* indicates pricing pressures have returned. The inflation index increased 2.0 points to stand at 73.3.

## RBC Consumer Outlook Index and Sub-Indices December 2010 – November 2011





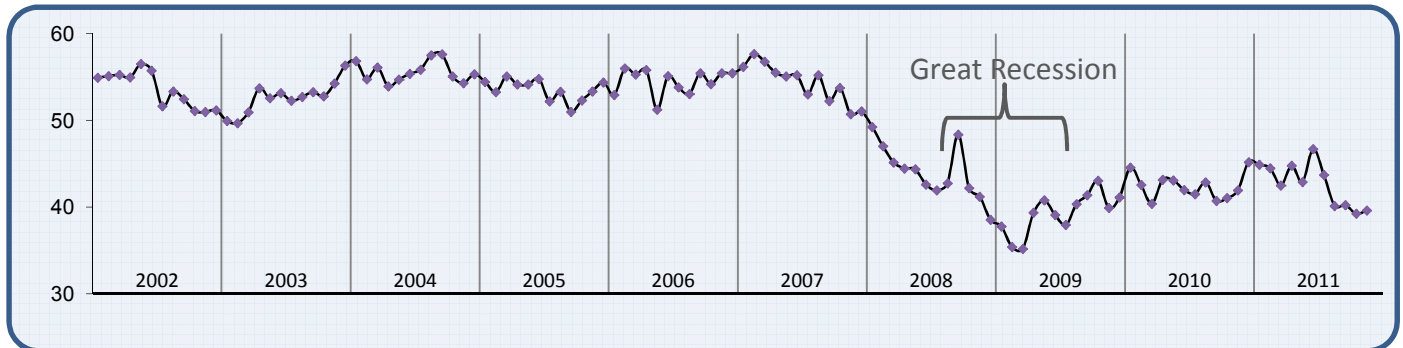
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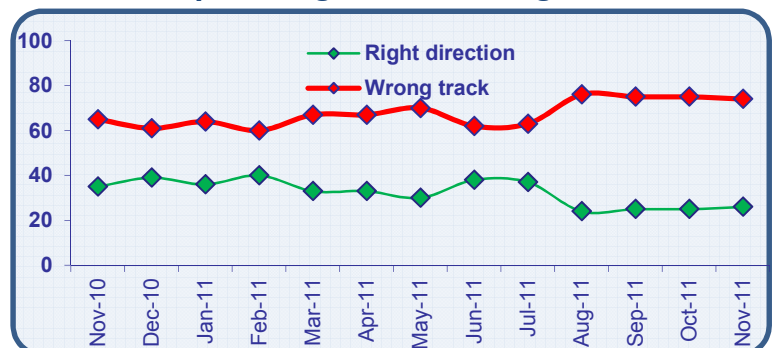
## Detailed Findings of the Consumer Outlook Survey

Graph 1: COI 2002-2011

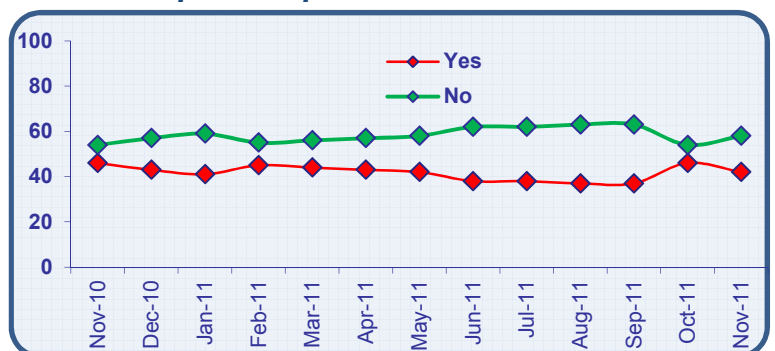


- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. The financial crisis began to unravel confidence in 2007 and confidence bottomed in March 2009. Officially, the Great Recession stretched from Q3 of 2008 through Q2 of 2009. The current consumer confidence number indicates American confidence is back down to recession levels.
- Indicative of most Americans' concern with the state of the country, the number of Americans saying the US is on the wrong track remains high in November, at 74%. (Graph 2).
- The increase in personal experience with job loss observed last month has not continued, however this indicator remains above its average for the year. In November 2011, 42% of consumers say they or someone they are close to has lost a job in the last six months, down 4 points from last month. (Graph 3)
- Indicative of the pressures consumers are experiencing, 46% of consumers currently report that they are less comfortable making household purchases now than they were six months ago. This is the highest level of discomfort with ability to make household purchases observed this year. (Graph 4)
  - A majority of consumers (58%) also report that they are less comfortable with their ability to make major purchases like a house or car.

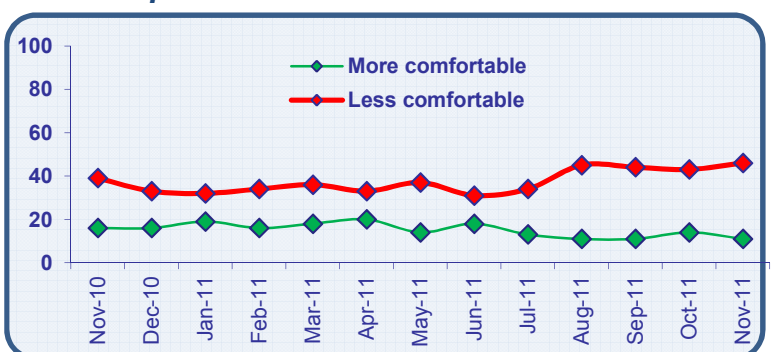
Graph 2: Right track/wrong track



Graph 3: Experience with Job Loss



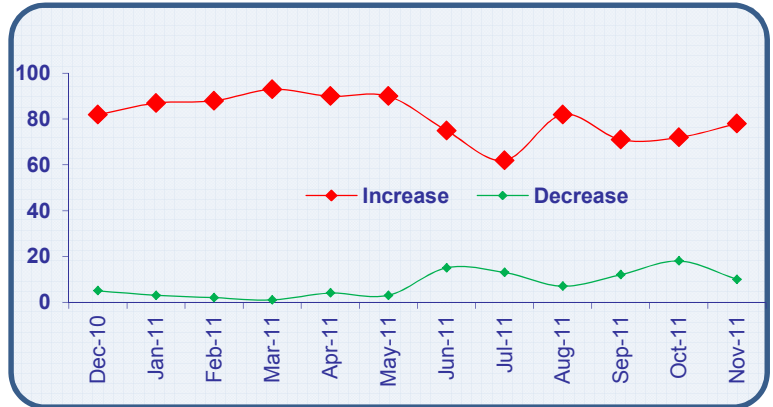
Graph 4: Household Purchase Comfort



## Detailed Findings of the Consumer Outlook Survey, cont.

- Gas prices have increased recently building the pressure on consumers. Market data shows that pump prices have returned over the last month and our confidence data indicates that consumers are again feeling the pinch. The number of consumer expecting gas prices to rise in the next year has risen to 78%, up 6 points from last month (Graph 5).
- Price pressure are stable in other quadrants. The number of consumers expecting increases in food (85%) and consumer electronics (53%) is essentially unchanged over the last two months.

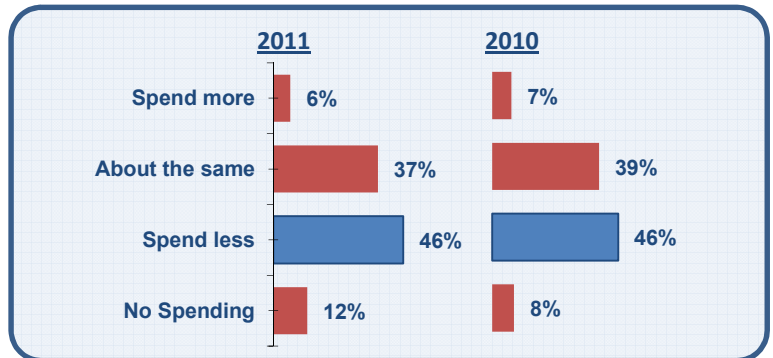
**Graph 5: Expectations for Gas Prices**



## Detailed Findings of the RBC Custom Questions

- This month, we asked respondents how their holiday shopping plans this year compared to last year.
  - A plurality (46%) said they planned to spend less than last year.
  - This is the same percentage that wanted to cut their spending observed in last year's results (Graph 6).
- We also asked respondents the impact of the EU financial crisis on their investing strategies.
  - Most respondents (57%) continue to say they are following the issue, unchanged from 59% last month.
  - Among the rest, most (31%) say their confidence in the economy has worsened.
    - This is a significant decrease in the percentage that have lost confidence as a result of the EU crisis.

**Graph 6: Holiday Shopping vs. Last Year**



**Graph 7: Impact of EU Crisis on Investing**

