



RBC Consumer Outlook Index Findings

December 2011



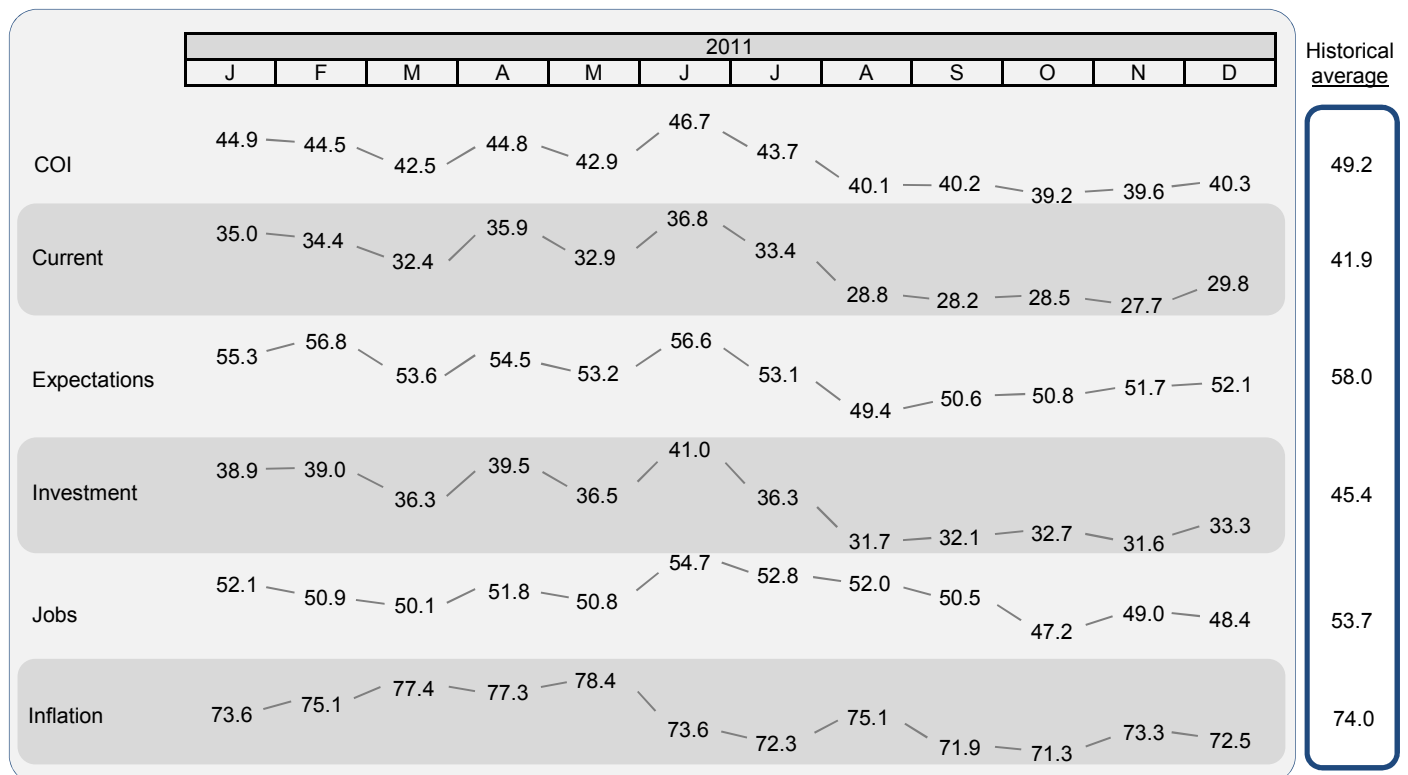
The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

Consumer Confidence Slightly Better in December

- Going into the 2012 holiday season, American consumer confidence continues to struggle in the face of high unemployment, global economic insecurity and a weak economy. The picture of this last year is one of a slow recovery that hit a wall in July and has limped along ever since.
- The overall *RBC Consumer Outlook Index* is up a small amount – 0.7 points -- for December 2011, to stand at 40.3. This moves consumer confidence just above the average level observed during the 2008-2009 recession (40.2).
- The *RBC Current Conditions Index* indicates that consumers' personal finances are slightly better after hitting a low last month. The *Current Conditions Index* is up 2.1 points from November's 27.7 to stand at 29.8.
- Paralleling the improvement in *Current Conditions*, the *RBC Investment Index* improved this month, up 1.7 points from November to stand at 33.3.
- The *RBC Expectation Index* showed little movement. The Index currently stands at 52.1, up 0.4 points from last month.
- Worryingly, the *RBC Jobs Index* declined again this month, down 0.6 points to stand at 48.4. While not as bad as the October score, this is still very low relative the historical trend of the *Jobs Index*.
- Finally, the *RBC Inflation Index* indicates pricing pressures are declining as consumers anticipate holiday sales. The inflation index decreased 0.8 points to stand at 72.5.

RBC Consumer Outlook Index and Sub-Indices

January – December 2011





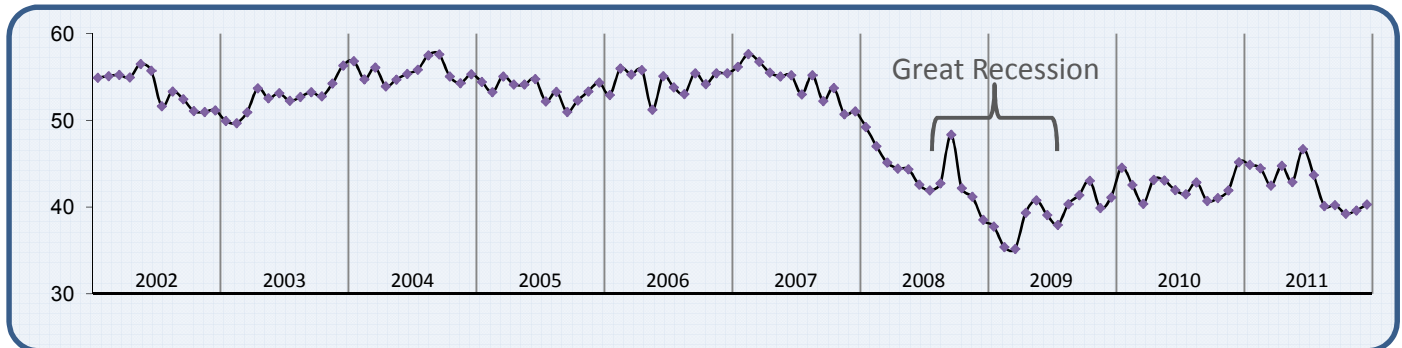
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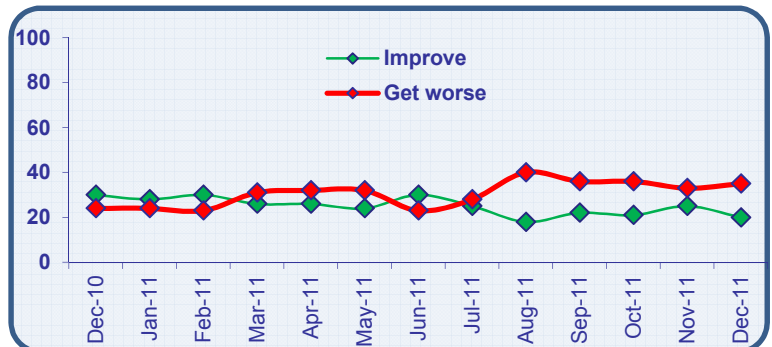
Detailed Findings of the Consumer Outlook Survey

Graph 1: COI 2002-2011



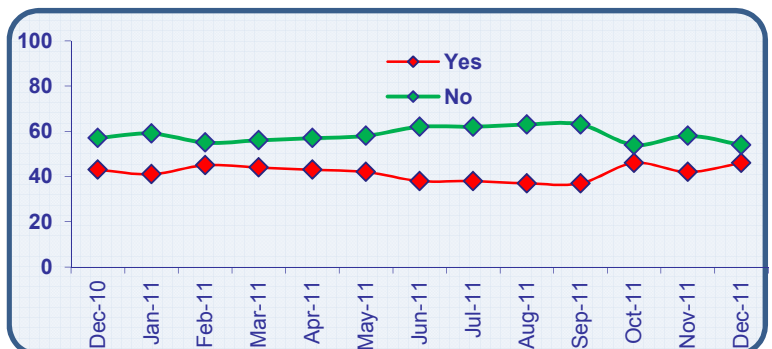
- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. From the Great Recession until June 2011, there is a rough positive trend in consumer confidence. However, in July 2011, consumer confidence dropped and has yet to recover. The two most notable events in the June-August 2011 time period that could explain this drop are the US political gridlock around the Debt Crisis and the EU Financial Crisis symbolized by Greek Debt Crisis.

Graph 2: Expectations for the Next Year

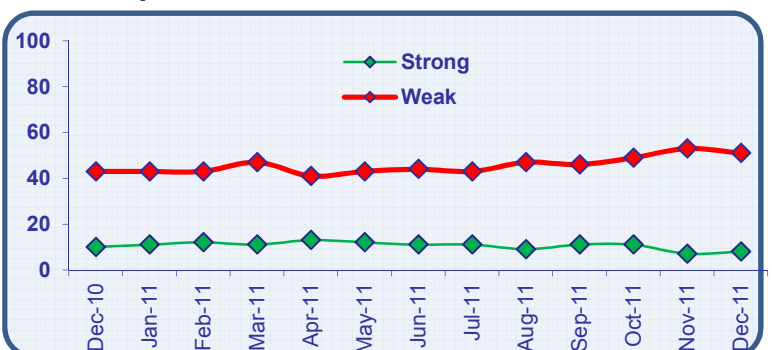


- Indicative of most Americans' concern with the state of the country, the number of Americans saying the US economy will improve in the coming year is at a near low of 20% (Graph 2).
- Personal experience with job loss remains above its average for the year. In December 2011, 46% of consumers say they or someone they are close to has lost a job in the last six months, up 4 points from last month. (Graph 3)
- Indicative of the trend in consumer confidence, 51% of consumers currently report that their personal financial situation is weak. While this is down from last month (53%), it is well above the mark from one year ago (43%, December 2010) (Graph 4).

Graph 3: Experience with Job Loss



Graph 4: Personal Financial Confidence



- A majority of consumers (54%) also report that they are less comfortable with their ability to make major purchases like a house or car. This too is down slightly from last month.



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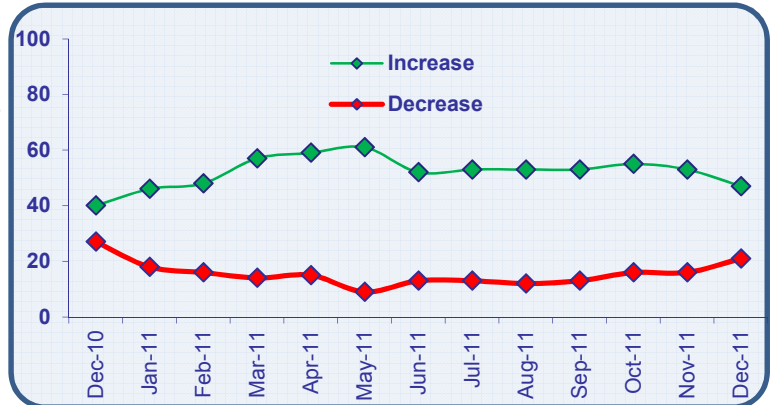
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Detailed Findings of the Consumer Outlook Survey, cont.

- The *RBC Inflation Index* is down for December 2011, primarily because of consumers' expectations of holiday sales and specials. 47% of consumers believe that the price of consumer electronics will increase in the next six month. This is the lowest rate on this measure since *December* of last year (Graph 5).
 - Price pressures are stable in other quadrants. The number of consumers expecting increases in fuel (77%), food (84%) and durable goods (62%) is essentially unchanged over the last two months.

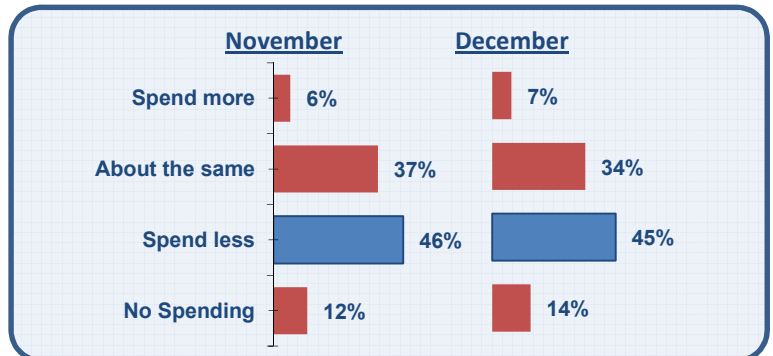
Graph 5: Consumer Electronics Inflation



Detailed Findings of the RBC Custom Questions

- This month, we again asked respondents how their holiday shopping plans this year compared to last year. A plurality (45%) continue to say they planned to spend less than last year (Graph 6)
 - Young people are the most likely to say they will spend more (18-34 year olds, 15%).
 - Households with income below \$30k/year are most likely to say they will make no holiday spending (30%).
- We also asked respondents their view of the trajectory of the economy through 2012.
 - A few respondents (16%) say that they expect the economy to improve next year.
 - However, most (55%) say they expect external events to continue to mute economic growth over the next year.
 - A significant minority (29%) said they believe the economy will actually get worse in the next year (Graph 7).

Graph 6: Holiday Shopping vs. Last Month



Graph 7: Your view of the economy in 2012

