



RBC Consumer Outlook Index Findings

February 2012



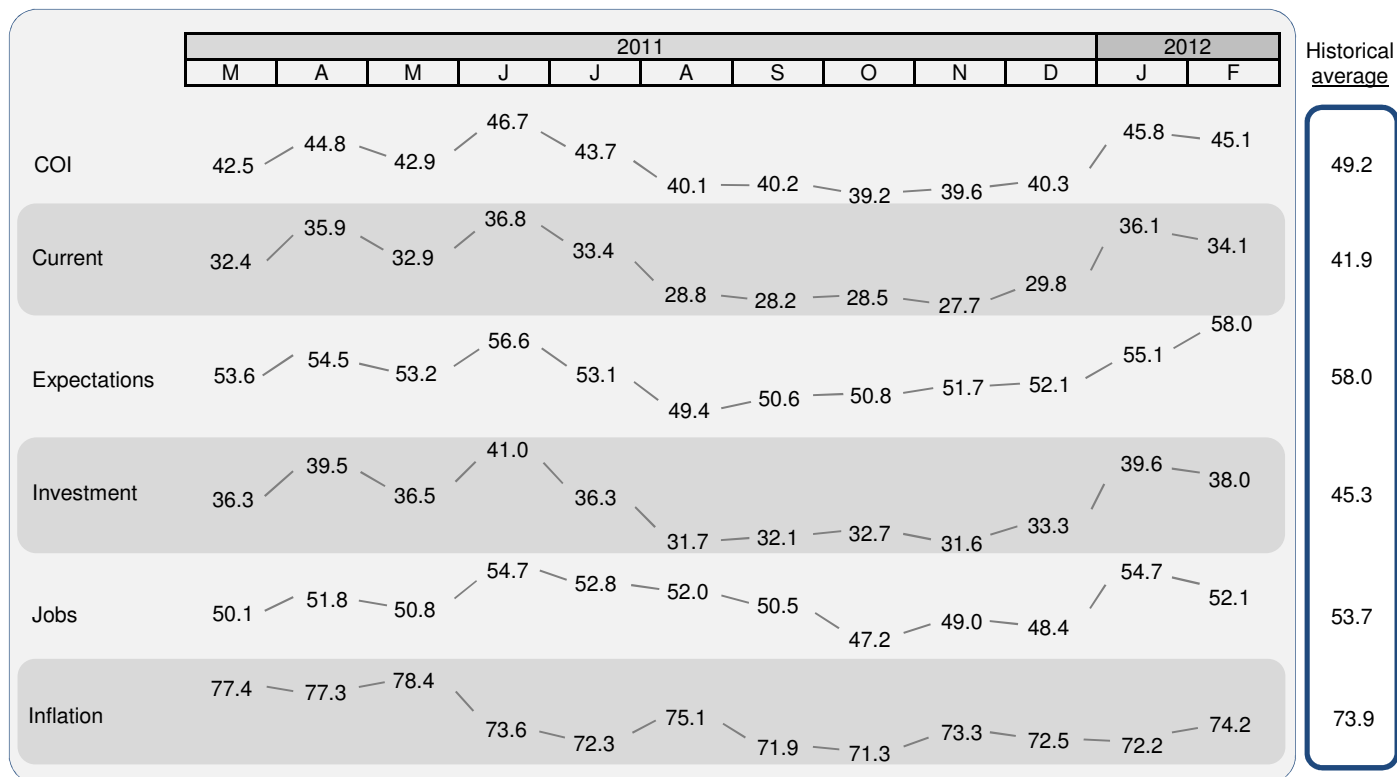
The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

Consumer Confidence Dips Slightly but Remains Strong for February 2012

- Tempering the significant boost in consumer confidence reported in January, consumer confidence decreased slightly this month yet remains relatively high overall.
- The overall *RBC Consumer Outlook Index* is down slightly— 0.7 points – for February 2012, to stand at 45.1. Although confidence dropped across most sub-indices, it gained a notable increase in Expectations.
 - The *RBC Current Conditions Index* shows that consumers' outlook on personal finances is slightly less rosy than last month. The *Current Conditions Index* is down 2 points from January's 36.1 to stand at 34.1.
 - The *RBC Investment Index* also experienced a slight decline, dropping 1.6 points from last month down to 38.0 points this month.
 - Though still relatively strong in comparison to 2011 data, the *RBC Jobs Index* took a hit this month and now stands at 52.1, down 2.6 points from January 2012. Excluding last month, this is still the highest mark since July 2011.
 - Countering the downward trend of the other sub-indices, the *RBC Expectation Index* increased enough to buoy the overall consumer confidence this month. The Index picked up 2.9 points since January to stand at 58.0.
 - Finally, the *RBC Inflation Index* shows that consumers are continuing to feel the burden of pricing pressures. The inflation index increased, up 2 points to stand at 74.2.

RBC Consumer Outlook Index and Sub-Indices

March 2011 – February 2012





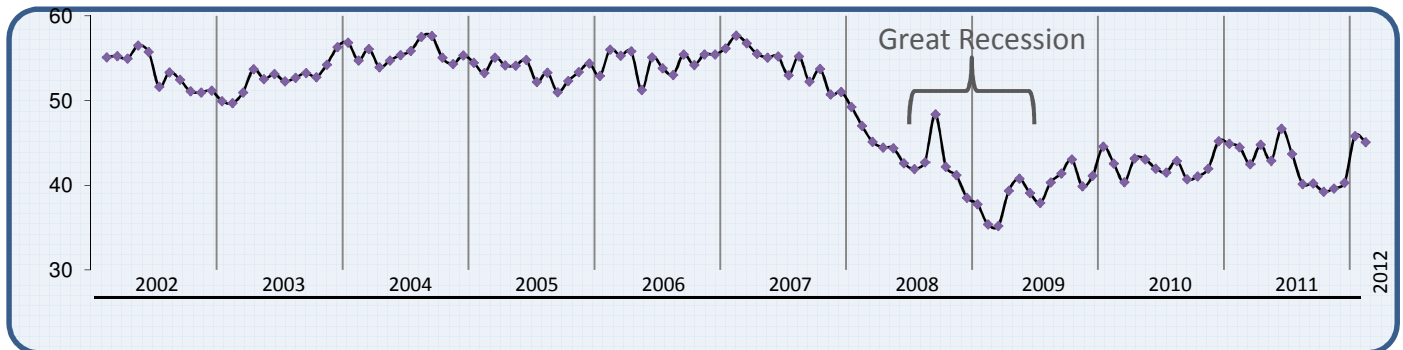
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Consumer Outlook Index Trend

Graph 1: COI 2002-2012

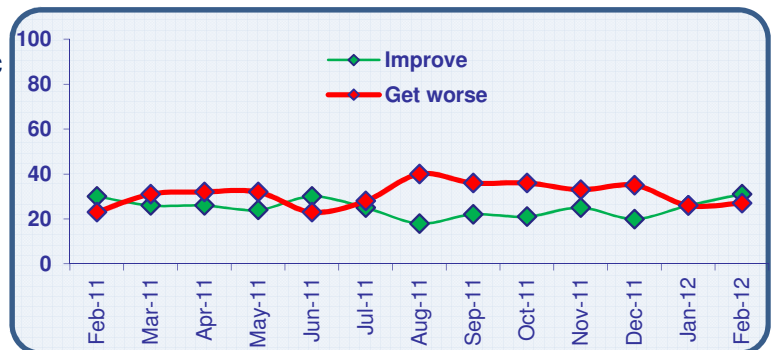


- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. The biggest story is the collapse in consumer confidence preceding and during the Great Recession. Starting in mid 2007, consumer confidence fell from about 53 to about 40 – losing one quarter of its strength. Following the recession, consumer confidence slowly improved until the last half of 2011, when it bottomed out again. 2012 is showing a slight but notable improvement in consumer confidence from 2011.

Detailed Findings of the Consumer Outlook Survey

- Despite the slight dip in consumer confidence this month, Americans are increasingly confident in this year's economic prospects (Graph 2). Consumers' expectations have reached the highest levels in over a year.

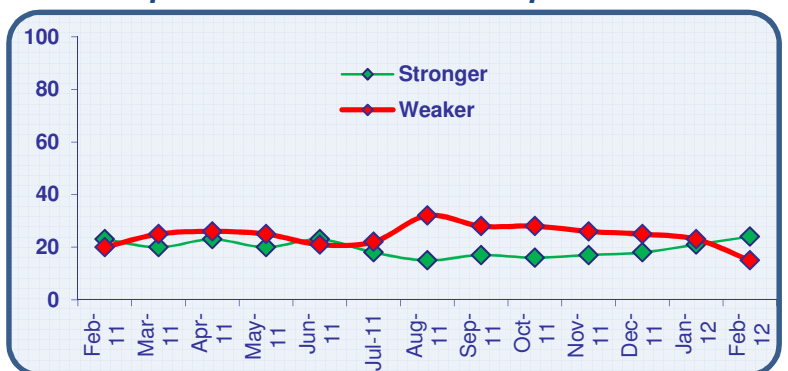
Graph 2: Expectations for Next Year



- Notably more optimistic than last month, Americans are seeing a brighter future for the US economy. Currently, 31% of consumers say that they expect the US economy to improve, marking the highest levels since November 2010.

- Accompanying their confidence in the broader US economy, Americans also appear to be gaining confidence in their local economies. More consumers are expecting their local economy to be stronger this year (24%) than we have seen since November 2010.

Graph 3: Local Economic Expectations



- Emphasizing this rising confidence, only 15% of consumers expect their local economy to be weaker in six months. This marks the lowest level in over two years.



RBC Consumer Outlook Index Findings

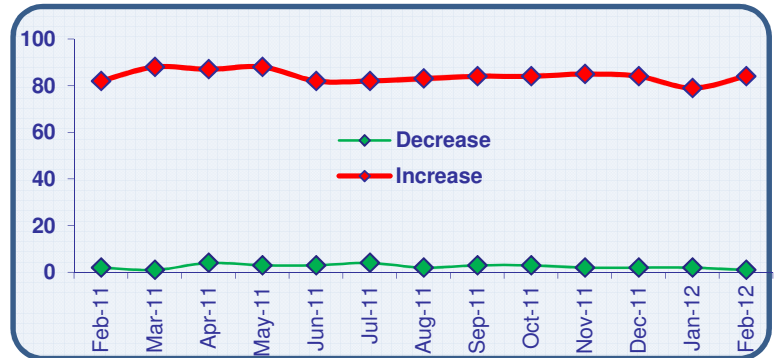
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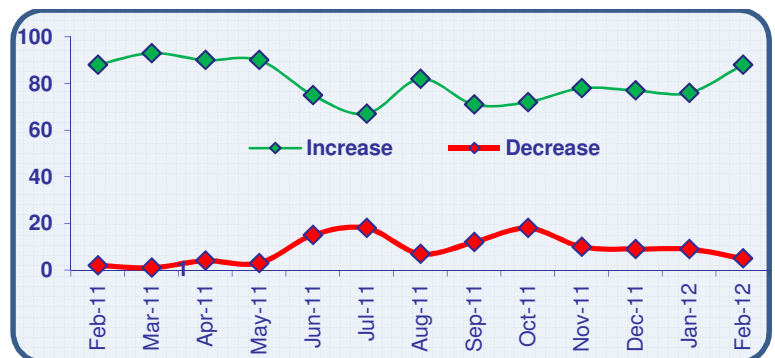
Detailed Findings of the Consumer Outlook Survey, cont.

- Setting aside the positive news about consumers' expectations, the decline in this month's overall consumer confidence is partially driven by increases in the *RBC Inflation Index*. Food and gas prices account for the most significant jump in this area.
 - While last month indicated that consumers were doubtful of food prices increasing, consumers' expectations are now back on par with the levels seen throughout most of 2011 with 84% expecting an increase in prices for food and groceries (Graph 4).
 - Likewise, consumers are increasingly concerned about rising gas and fuel prices, up 12 points from last month to 88% expecting a price increase (Graph 5).
 - Pricing pressures appear to be relatively stable in other areas including housing, durable goods, and electronics.
- Adding to consumers' worries about basic expenses, the *RBC Jobs Index* indicates that we are still not out of the woods despite last month's positive report.
 - 42% of consumers report that they or someone in their family or personal life has lost a job as a result of economic conditions. This measure is up 4 points from last month, returning the levels seen throughout most of 2011 (Graph 6).
 - While January implied that consumers were less concerned about job loss, consumers this month again relay their worry about themselves or someone in their family losing a job. 32% of consumers are concerned about job loss, up 3 points from last month (Graph 7).

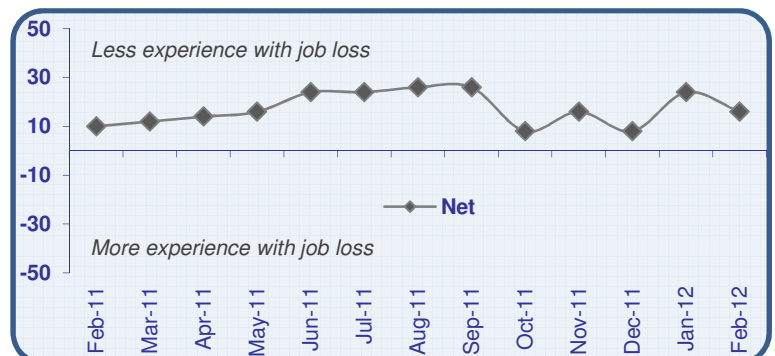
Graph 4: Expectation for Food Costs



Graph 5: Expectation for Gas Costs



Graph 6: Experience with Job Loss



Graph 7: Employment Security Fear





RBC Consumer Outlook Index Findings

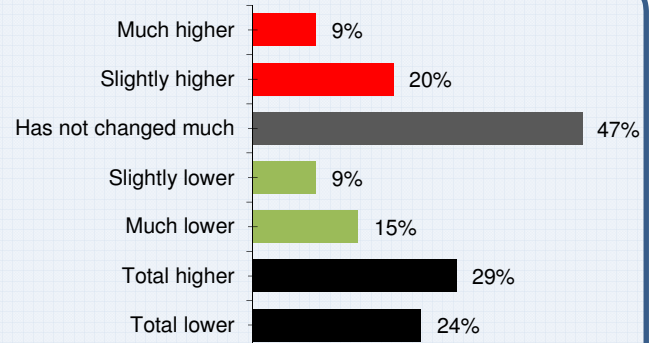
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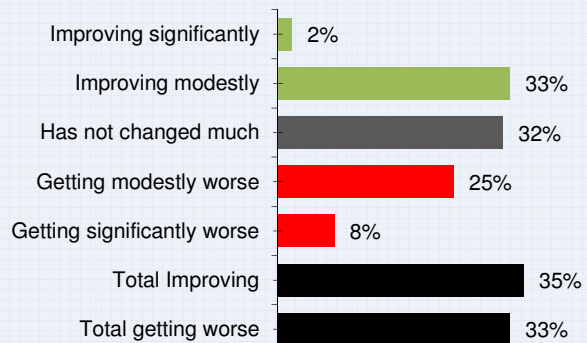
Detailed Findings of the RBC Custom Questions

- This month, we asked consumers how their credit cards fared now that the holiday season has ended. Most respondents indicated that their credit card balance had not changed much since this time last year (47%). 29% say their credit card balance was higher, and less than a quarter indicated a lower balance (24%) (Graph 8).
 - Consumers aged 18 to 24 and those with children were most likely to go over budget (39% for both).
 - Households with income over \$50k/year were most likely to report a lower credit card balance since last year at this time (29%).
- When asked their assessment of the state of the economy, most consumers are mildly optimistic with 35% saying that the economy is improving (Graph 9).
 - Americans earning the highest salaries (over \$100k/year) were most optimistic that the economy is either significantly or modestly improving (43%). Only 23% of those earning less than \$25k/year can say the same.
- On the subject of the domestic agenda, it is perhaps no surprise that the number one priority for consumers is creating jobs (51%). (Graph 10).
 - Consumers earning between \$25k-\$50k/year expressed the greatest support for job creation (57%).
- We also asked consumers to rank what they consider to be the most important economic issues facing the United States. Here again, job creation came in first (67%).
 - Women (71%) were more likely than men (63%) to indicate job creation as a priority.

Graph 8: Post-Holiday Credit Card Balance



Graph 9: Assessment of Economy



Graph 10: Priorities for Domestic Agenda

