



# RBC Consumer Outlook Index Findings

June 2012

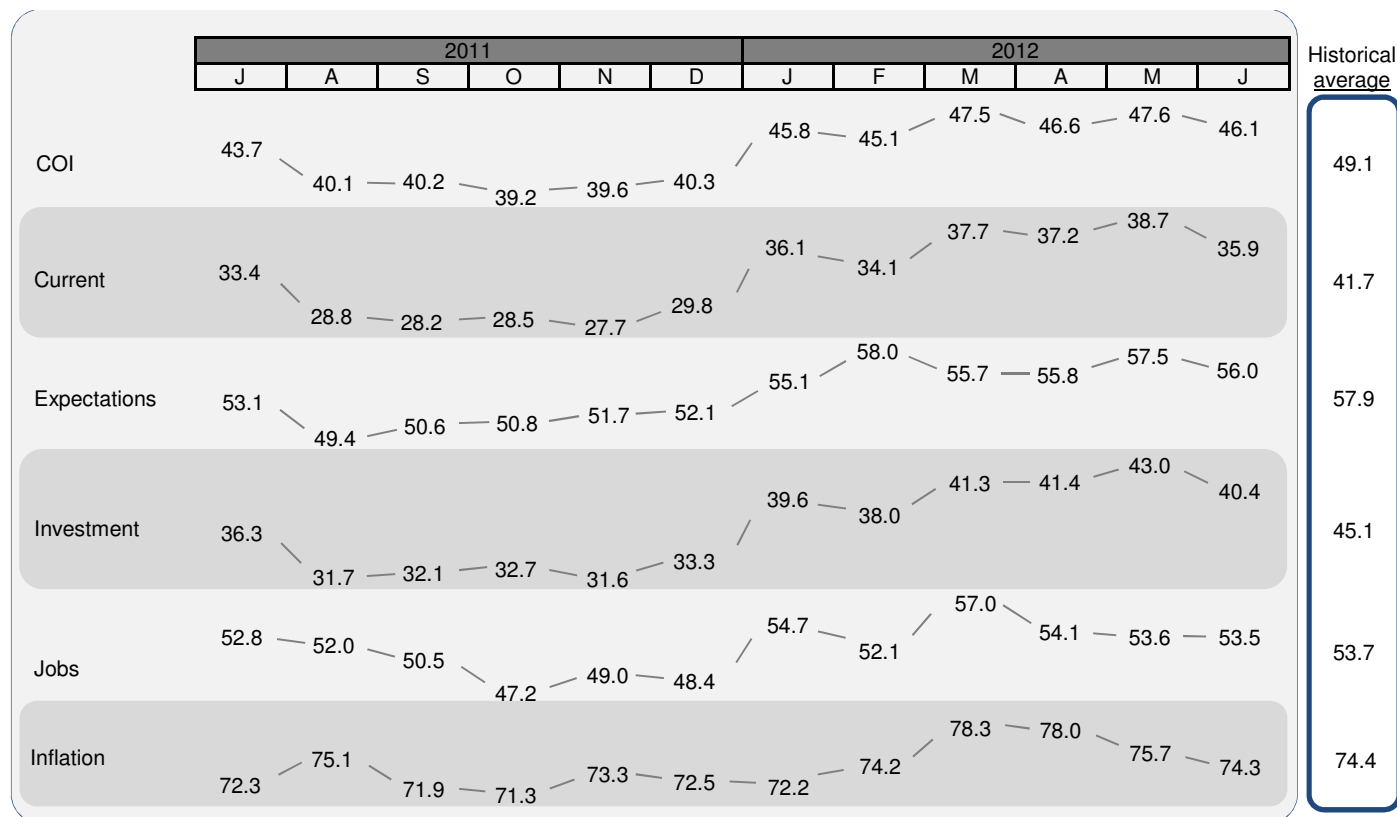


The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

## Consumer Confidence Dips again in June 2012

- Consumer sentiment remains unclear in June. The overall confidence trend since January 2012 has been one of stagnation as Americans wait for unambiguous signals that the economy is improving. While falling gas prices are helping consumer stretch their dollars further; weak jobs reports, the ongoing Euro-mess and a rough few weeks in the market have provided plenty of reasons to be concerned. All this reflects the continued economic uncertainty facing American consumers.
- The overall *RBC Consumer Outlook Index* now stands at 46.1 points. The COI has maintained a level near 46.5 for all of 2012 so far.
  - The *RBC Current Conditions Index* shows a significant decrease of 2.8 points from last month's 38.7 to presently stand at 35.9.
  - The *RBC Investment Index*, which now stands at 40.4, also displays a moderate drop of 2.6 points from last month.
  - *RBC Expectations Index* posts a minor drop, down by 1.5 points from last month's score of 57.5 to stand at 56.0.
  - The *RBC Jobs Index* has stabilized this month, essentially unchanged at 53.5.
  - The *RBC Inflation Index* continues to decline, down 1.4 points to stand at 74.3 as fuel price pressures continue to weaken.

## RBC Consumer Outlook Index and Sub-Indices July 2011 – June 2012





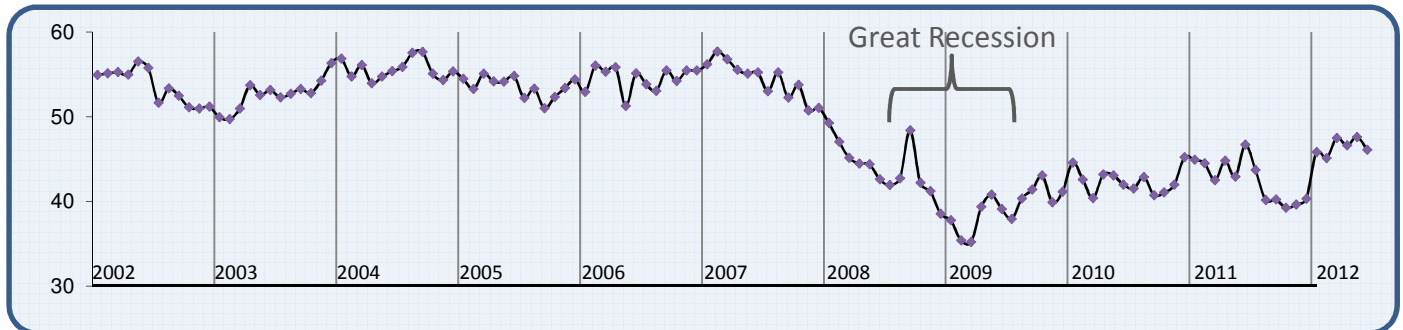
# RBC Consumer Outlook Index Findings

June 2012



## Consumer Outlook Index Trend

Graph 1: COI 2002-2012

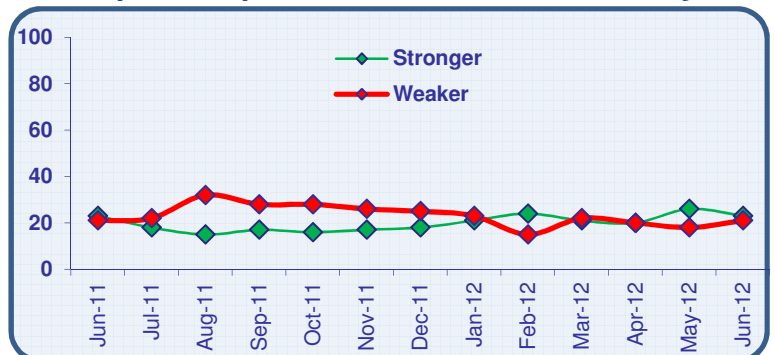


- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. We have had a fitful recovery since the great recession (2008 through now). Particularly of note is the brief crash in confidence observed Q3-Q4 of 2011, corresponding with the debt crisis in Washington and the Euro financial crisis. We observed a brief rally in the 1<sup>st</sup> quarter of 2012, but that rally has stalled in Q2 as weakening employment figures and the Euro crisis throttle the recovery.

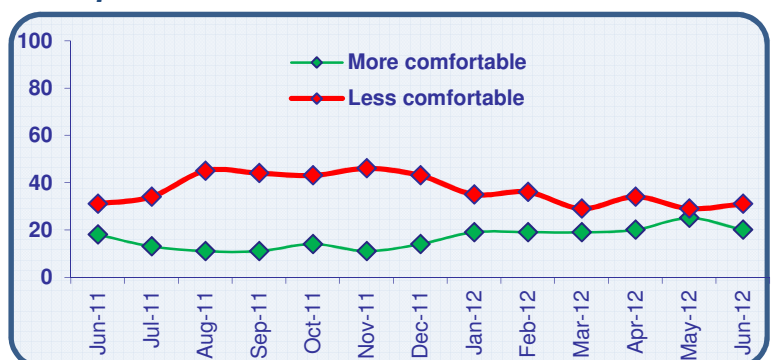
## Detailed Findings of the Consumer Outlook Survey

- Several indicators are driving the overall fall in consumer confidence. Expectations for the local economy, in particular has weakened this month.
  - When asked of their expectations for the strength of their local economy in the next 6 months, 23% of consumers believe it will be stronger while a similar 21% believe it will be weaker (Graph 1).
- Similarly, 31% of consumers say that they expect their personal finances to be stronger in six months. This is down 2% from last month.
- Along with the weakened expectations, consumers are feeling worse about their ability to make ends meet since their tax refunds have been spent.
  - 42% of respondents say they are less comfortable than they were 6 months ago with their ability to make major purchases.
  - 20% of respondents say they feel better about their ability to afford household purchases compared to six months ago. This is 5% lower than last month (Graph 2).

Graph 1: Expectations for Local Economy



Graph 2: Comfort with Household Purchases





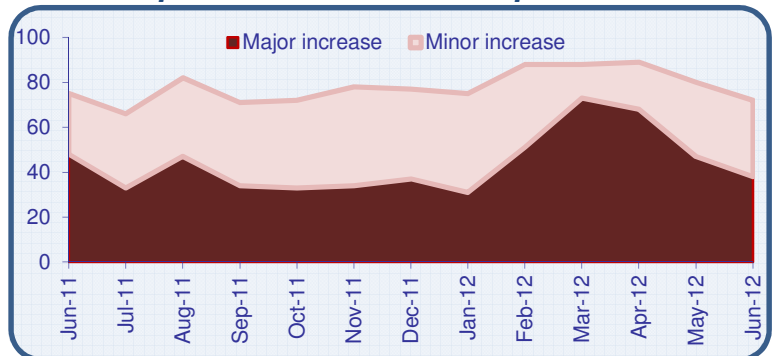
# RBC Consumer Outlook Index Findings

June 2012

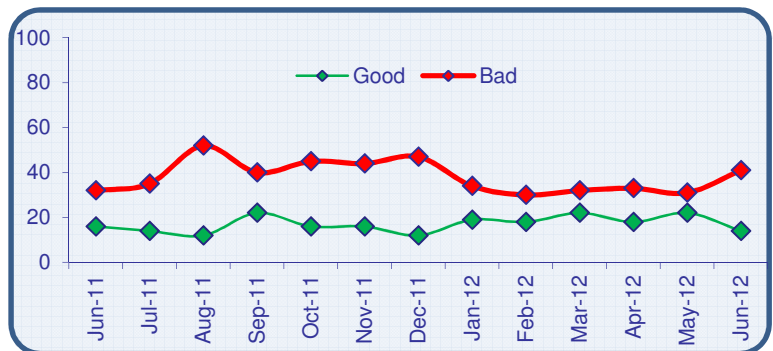


## Detailed Findings of the Consumer Outlook Survey, cont.

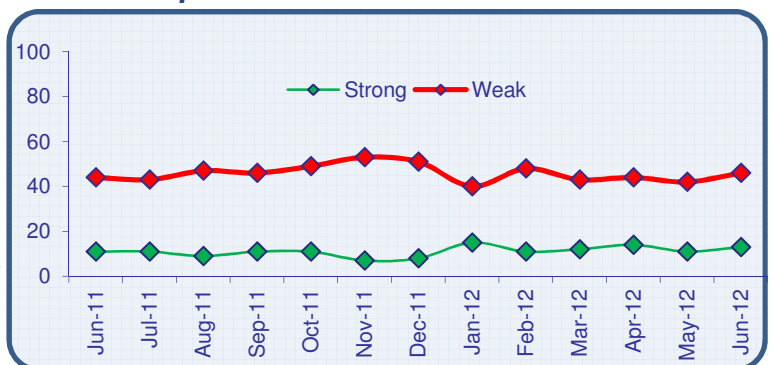
**Graph 3: Gasoline Price Expectations**



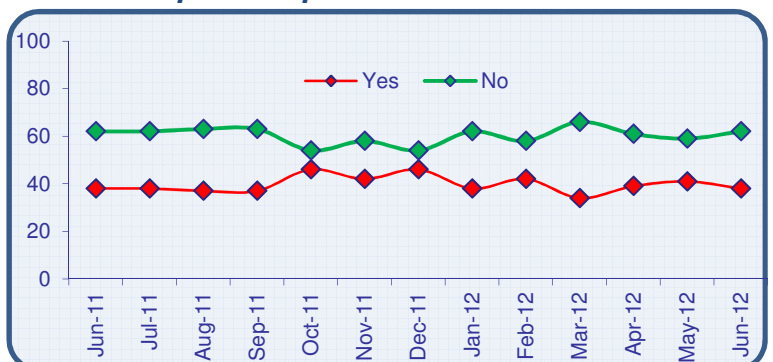
**Graph 4: Invest in the Stock Market**



**Graph 5: Personal Financial Health**



**Graph 6: Experience with Job Loss**



- Tempering some of the pain consumers are feeling, they are reporting that they feel slightly diminished pricing pressures.
  - This month, 72% of consumer expect fuel prices to rise. This is down from 80% last month and 89% in April. Particularly noteworthy, the percent expecting a “major” increase is down an additional 10% (Graph 3).
  - Likewise, 77% of consumers expect an increase in food or grocery prices, down from 81% last month.
- However the Euro crisis, Facebook’s IPO and the market turbulence have shaken Americans’ confidence in stocks.
  - This month, 14% of respondents say it is a good time to invest in the stock market, down from 22% last month and the lowest level of the year (Graph 4).
  - Additionally, about a third of Americans (31%) say it is a good time to invest in real estate, mostly unchanged from the last two months.
- Consumers remain very uneasy about their general financial health.
  - Currently only 13% of consumers rate their personal finances as “strong” while 46% say their personal finances are “weak” (Graph 5).
  - Likewise, only 6% say their communities are financially strong while 49% characterize their local economy as weak.
- Despite the weak unemployment figures, our employment metric has stabilized this month.
  - After two months of increased experience with job loss, June say a slight decline in direct job-loss experience. This month only 38% of Americans report that they or someone in their close circle has lost a job because of economic conditions (Graph 6).



# RBC Consumer Outlook Index Findings

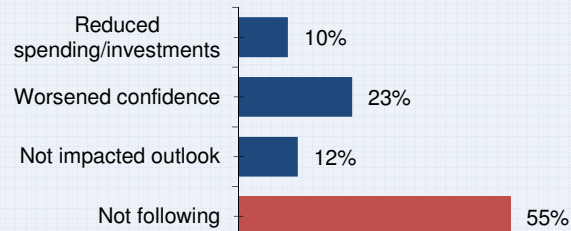
June 2012



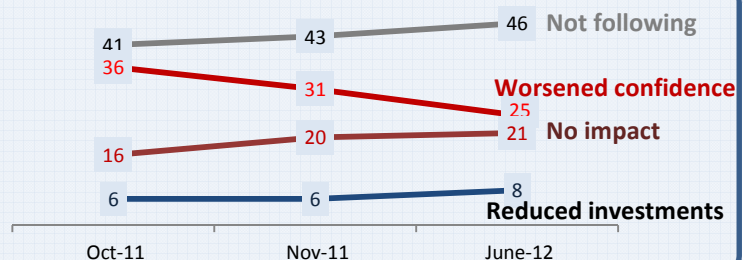
## Detailed Findings of the RBC Custom Questions

- The US government continues its effort to exhaust the country. Currently, discussion has shifted to the impact of the “fiscal cliff”, all of the tax and spending policies that will lapse if Congress does not act.
  - However, most Americans (55%) are not following news of the “fiscal cliff” or the federal tax and fiscal policies set to expire in early 2013 (Graph 7).
- The European Union Financial crisis also continues, with a key vote in Greece in a few weeks.
  - Americans appear to be suffering from “Euro fatigue” as more Americans say they are not following the crisis and fewer are saying it is having an impact on their investments of confidence in the economy (Graph 8).
- Switching back to the domestic economy, a majority of Americans report that they do not plan to take a vacation this summer (51%).
  - 35% of respondents say they are taking a vacation in the US this summer while only 5% say they plan to go abroad.
  - 17% say they will spend more this year than last year. 23% plan to spend less (Graph 9).
- With the decline in gas prices, we asked consumers how they were spending the money they were saving.
  - The majority (58%) say they are putting that money towards other living expenses.
  - Fewer (13%) are using it to pay down debts or (14%) build up their savings (Graph 10).

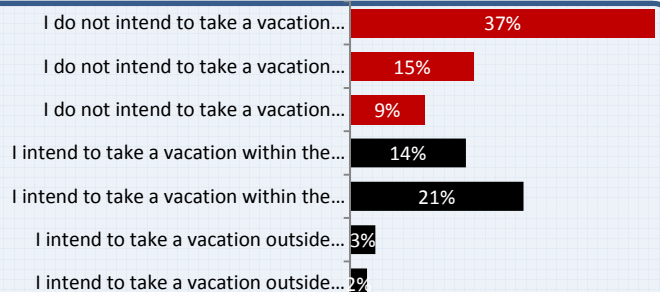
**Graph 7: Impact of “Fiscal Cliff”**



**Graph 8: Impact of EU Financial Crisis**



**Graph 9: Summer Vacation Plans**



**Graph 10: Gas Savings Going Towards:**

