



# RBC Consumer Outlook Index Findings

September 2012

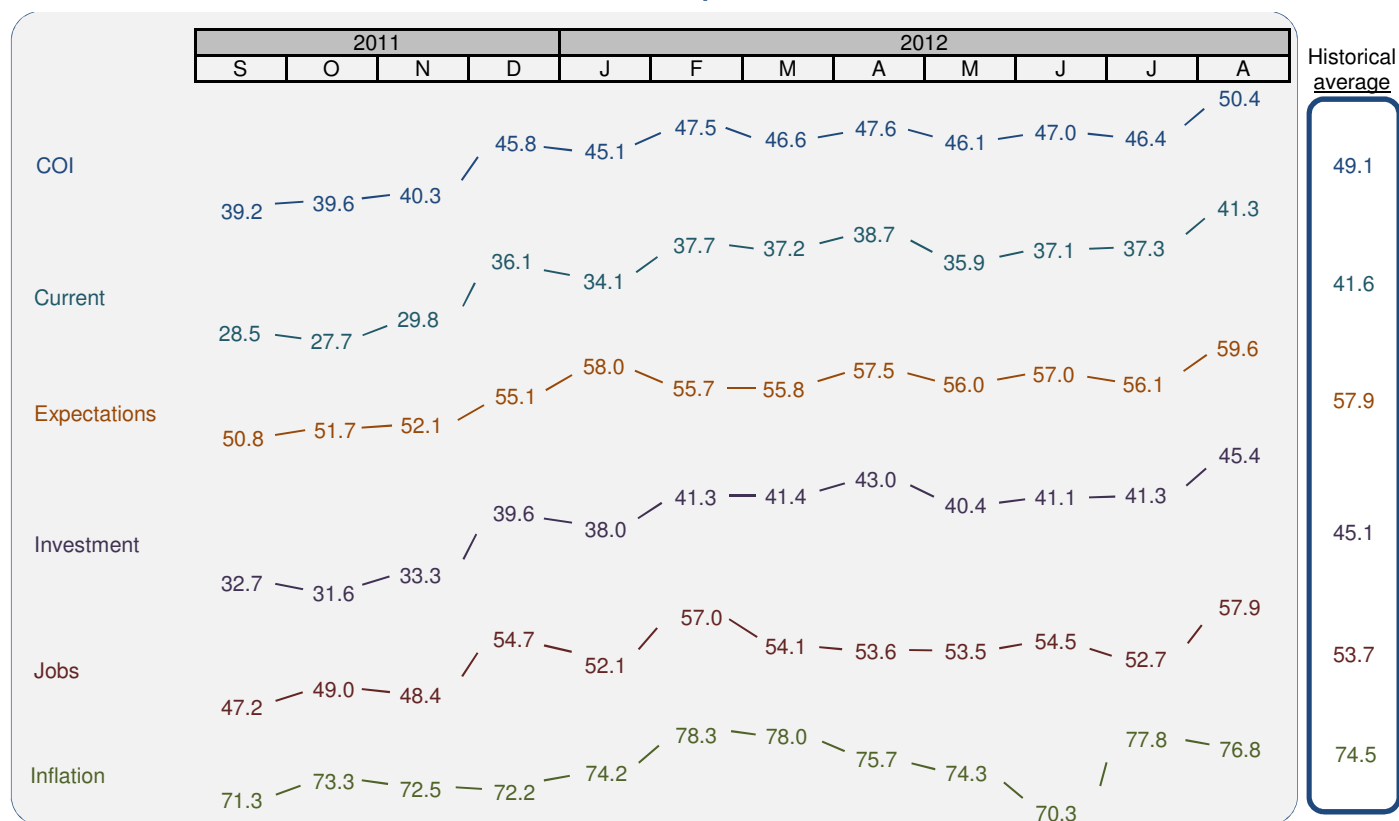


The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

## American Consumer Confidence Improves Significantly in September

- With the 2012 election looming, much of the public conversation has centered on the question, “are you better off today than you were four years ago?” As of right now, America says yes. The RBC Consumer Outlook Index for September 2012 is above the mark recorded in 2008. Additionally, the trend in 2012 is in a positive direction as opposed to this time four years ago when the bottom was falling out of American consumer confidence.
- The overall *RBC Consumer Outlook Index* has climbed an impressive 4.0 points to stand at 50.4. This is the strongest COI score of the last four years.
  - The *RBC Jobs Index* shows positive movement this month, up 5.2 points to 57.9. This is the strongest Jobs score of the year and of the entire Obama administration.
  - *RBC Expectations Index* also posts solid growth, up by 3.5 points from last month's score of 56.1 to stand at 59.6. This is also a high for the year and for the administration.
  - Buttressed by improved job prospects and expectations, the *RBC Current Conditions Index* is up 4.0 points from last month's 37.3 to stand at 41.3.
  - The *RBC Investment Index* -- which now stands at 45.4 -- also displays strong growth. This Investment mark is also the strongest of Obama's administration.
  - The *RBC Inflation Index* posts little change indicating inflationary pressures are tempering. The Inflation Index is down 1.0 point to stand at 76.8.

## RBC Consumer Outlook Index and Sub-Indices Oct 2011 – September 2012





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## Consumer Outlook Index Trend

Graph 1: COI 2002-2012

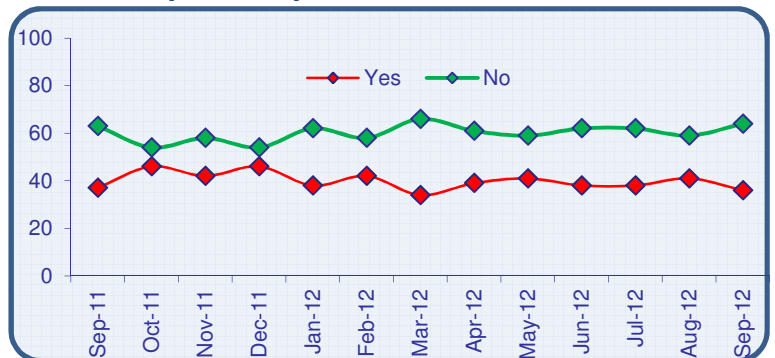


- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. The most prominent event is the great recession in 2008-2009. Since then noteworthy periods include the brief crash in confidence observed Q3-Q4 of 2011 (corresponding with the debt crisis in Washington), a brief rally in the 1<sup>st</sup> quarter of 2012 and this month another burst of improved confidence after little movement in Q2 2012. Overall the trend since Q1 2009 has been for fitful improvement of consumer confidence.

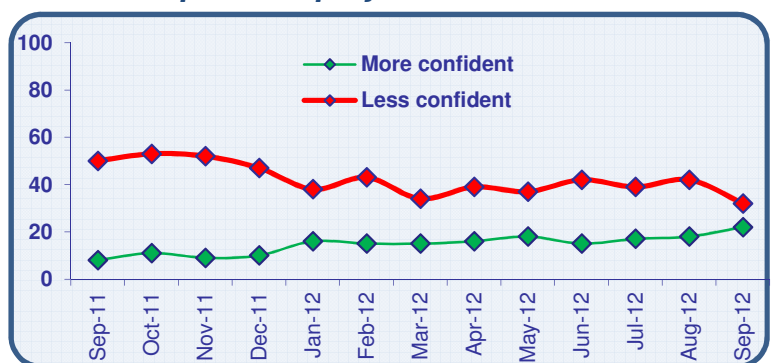
## Detailed Findings of the Consumer Outlook Survey

- The improvements this month are seen across multiple sectors, but perhaps nowhere more importantly than employment.
  - Employment confidence (measured by the *RBC Jobs Index*) is historically the most robust indicator of consumer health in the RBC COI.
- This month, only one in three Americans (36%) report real experience with job loss. This is the best score on this metric since March 2012 (Graph 1).
  - Correspondingly, expectations of future job loss is also down. This month only 14% of Americans say they think it is likely someone in their immediate circle will lose a job, down from 17% last month.
- Overall employment confidence is also up with almost a quarter of Americans (22%) reporting that they are more confident about their job security now than they were six months ago. This is 4% higher than last month's mark and the strongest score on this metric for over two years (Graph 2).

Graph 1: Experience with Job Loss



Graph 2: Employment Confidence





# RBC Consumer Outlook Index Findings

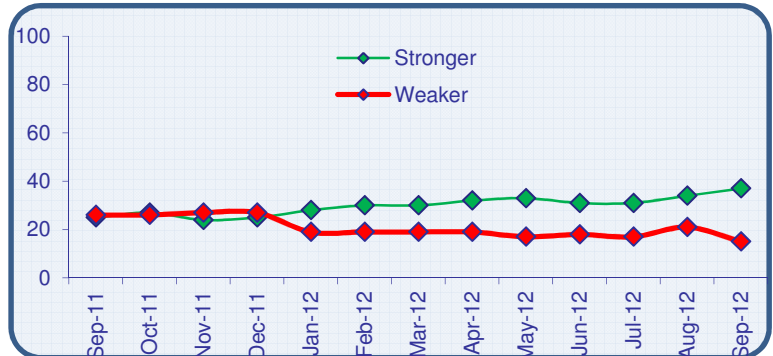
September 2012



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

**Graph 3: Personal Financial Expectations**

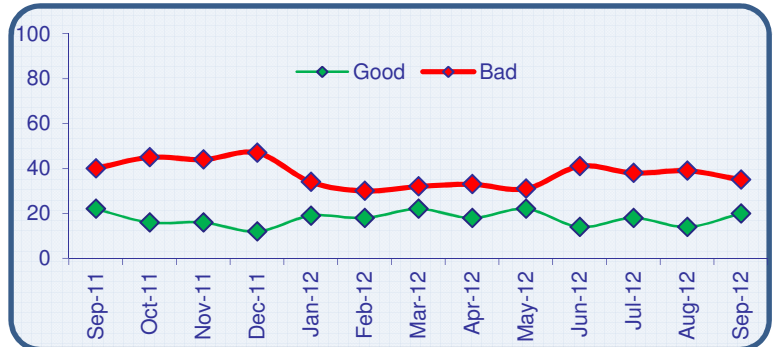
- Looking forward, Americans are increasingly optimistic about their future prospects. This month over one in three (37%) say they expect their personal finances to strengthen over the next six months. This is up from 34% last month and the strongest mark in over two years (Graph 3).



- Americans are also more optimistic about their local economies. This month a quarter (27%) expect their community's economy to strengthen, up from 25% last month.

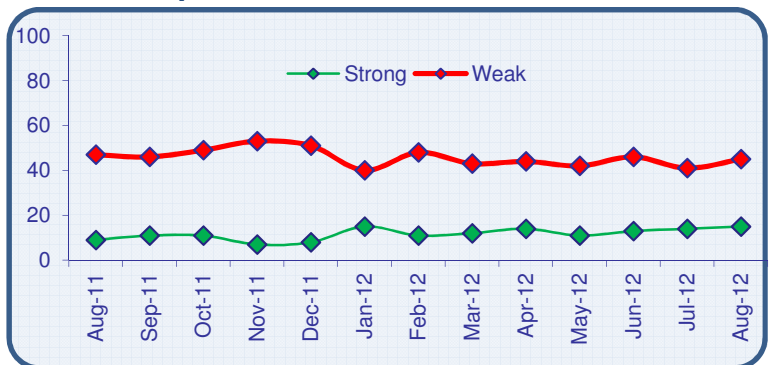
**Graph 4: Invest in the Stock Market**

- While overall investment confidence is up, Americans remain wary of investing in the stock market. This month, 20% say it is a good time to get into the market, up from 14% last month but below the 22% in May (Graph 4).
- Americans are saying they feel better than they did a few months ago, but most still do not say they feel good in any absolute sense.



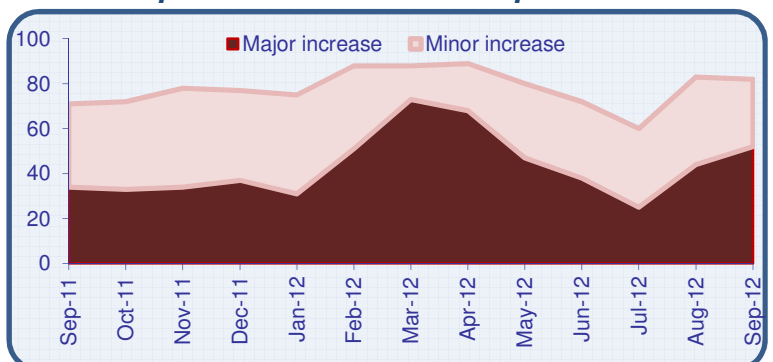
- Local economies remain very weak. Only 8% of respondents say their community has strong economy while almost half (46%) say the economy in their local area is weak.
- This month fewer than one in eight (13%) say their personal financial situation is currently strong. More than two in five (42%) say their finances are weak (Graph 5).
- However there is definite improvement. Over a quarter (26%) say they are more comfortable with their ability to afford household purchases than they were six months ago, up from 21% last month.

**Graph 5: Personal Financial Health**



- Inflation pressures have also lessened slightly this month. Gasoline prices, in particular appear to have slightly less punch this month. Currently 81% of consumer expect gas prices to go up, down from 83% last month (Graph 6).

**Graph 6: Gasoline Price Expectations**





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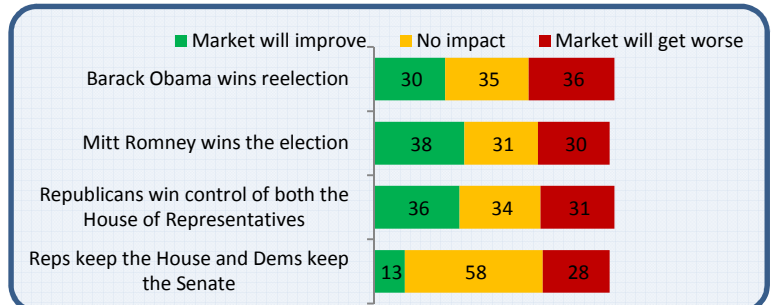
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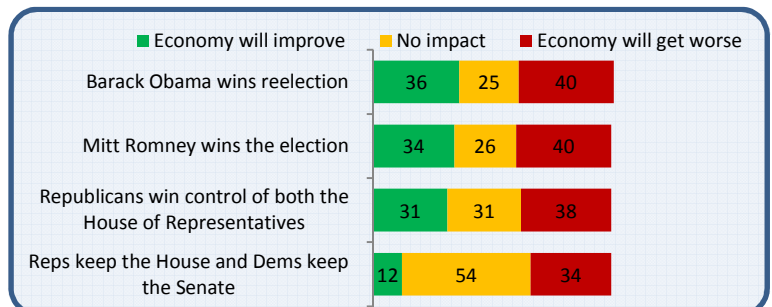
## Detailed Findings of the RBC Custom Questions

- Americans are sharply divided on the economic consequences of this fall's election.
  - Regarding the stock market, Romney is seen as slightly better for market performance than Obama. However, these people believe the status quo in Congress will have much less impact on the market (Graph 7).
  - On the economy as a whole, Obama has a slight margin over Romney. However the two are very closely matched. This question, who will be a better steward of the economy, will be central to the entire election. Reflecting the centrality of the presidency, most say that Congress, particularly the status quo, will have less impact (Graph 8).
- The "fiscal cliff" that the U.S. is headed for this winter appears to be sinking into the public consciousness. This month, a majority of Americans had some awareness of the fiscal cliff, up from June when the majority (55%) were not even following it. However, most still are not taking any action with only one in three (36%) reporting worsened confidence or reduced investing (Graph 9).
- Most Americans continue to report that they are taking no action in response to monetary policy coming out of the Federal Reserve Board.
  - This month 38% say QE3 has no impact on their finances and 31% say "none of these".
  - Only 17% say QE3 has hurt them because of low interest rates on savings.
  - A newer phenomenon, 11% say they are benefiting because of stock market rallies (Graph 10).

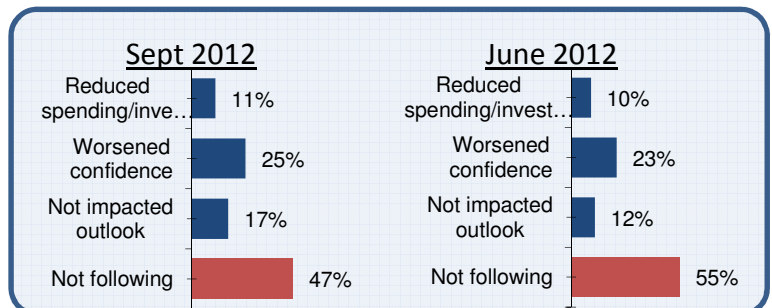
**Graph 7: Election and the Market**



**Graph 8: Election and the Economy**



**Graph 9: Impact of the Fiscal Cliff**



**Graph 10: QE3 and Investing**

