



# RBC Consumer Outlook Index Findings

September 2013

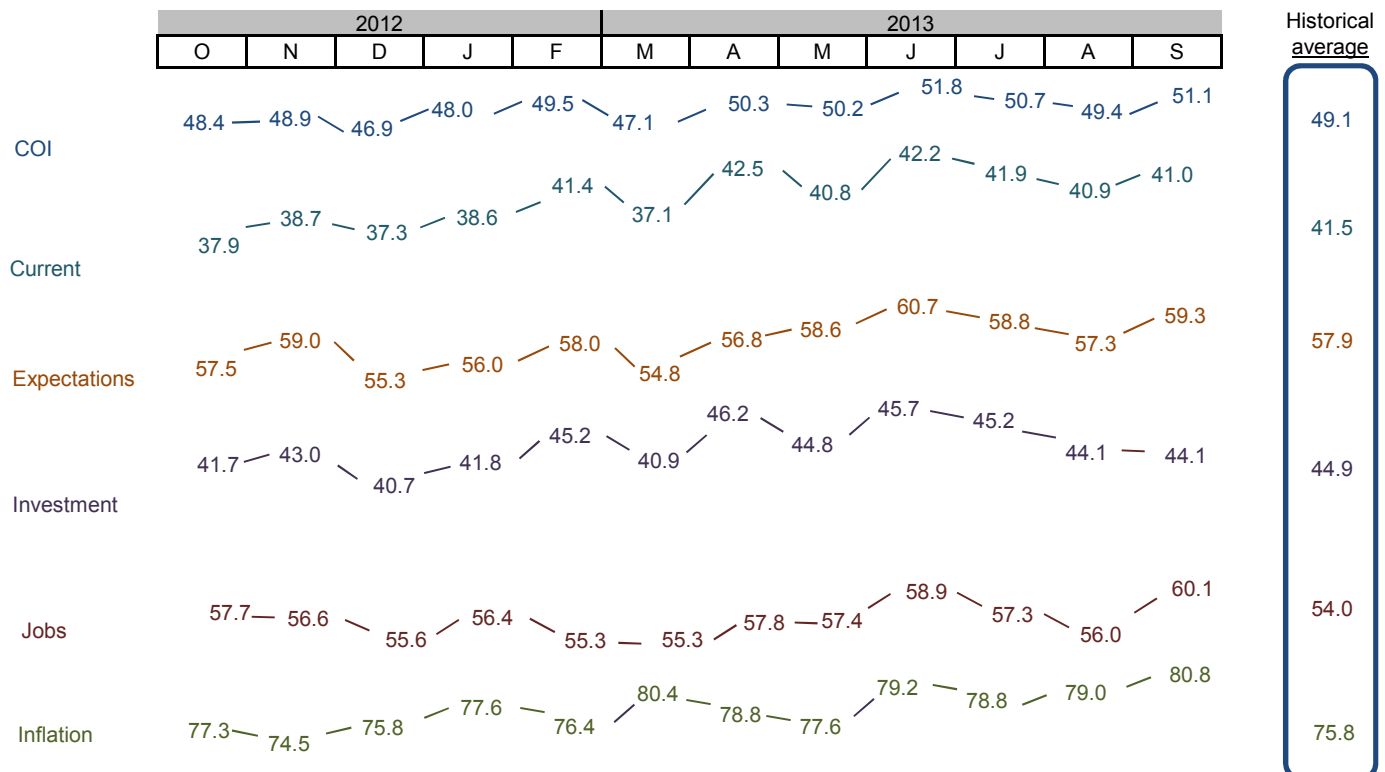


The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

## Consumers Show General Optimism

- American consumer optimism has increased since last month, with some indices reaching new highs. September's *RBC Consumer Outlook Index* is up 1.7 points to 51.1, driven in large part by increased optimism about employment. This increase is reflected across nearly all sub-indices, with the exception of *Investment*, which remained stable. Across most individual metrics, this month's data shows a movement towards optimism driven by perceptions of a stable economy. This increase is in contrast to August and July's numbers, both of which had declined since June's near-record highs.
- The overall *RBC Consumer Outlook Index* sits at 51.1 (an increase of 1.7 points since last month)
  - The *RBC Jobs Index* is a major driver of the overall optimism this month, at 60.1. This is the highest rating we have seen for this Index since October 2007.
  - The *RBC Expectations Index* has also shown significant upward movement, increasing two points from 57.3 in August to 59.3 now.
  - The *RBC Inflation Index* has increased 1.8 points since last month to 80.8.
  - The *RBC Current Conditions Index* ticked up just slightly from 40.9 last month to 41.0 this month.
  - The *RBC Investment Index* is the only Index that remained constant from the previous month, with a score of 44.1.

## RBC Consumer Outlook Index and Sub-Indices October 2012-September 2013





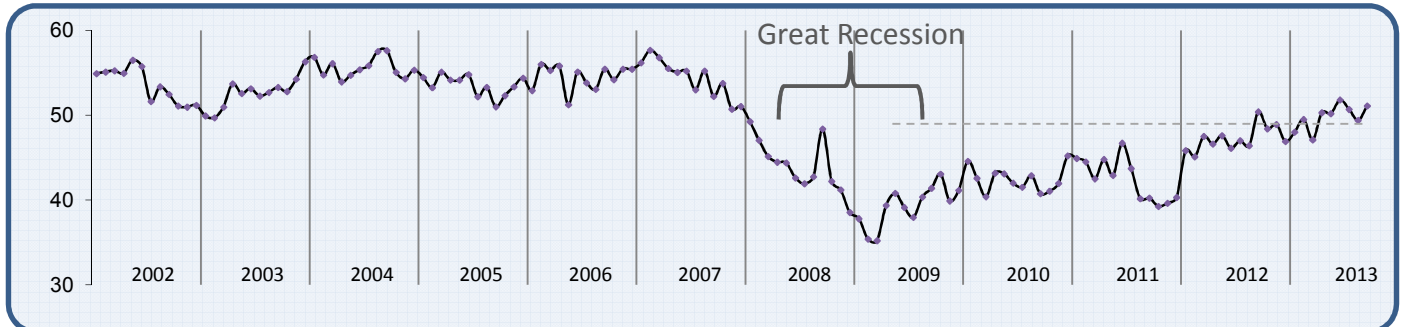
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## Consumer Outlook Index Trend

Graph 1: COI 2002-2013



- 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), and some improvement over the course of 2012, which now appears to be steadying – and climbing – as we enter 2013. Overall the trend since Q1 2009 has been for fitful improvement of consumer confidence.

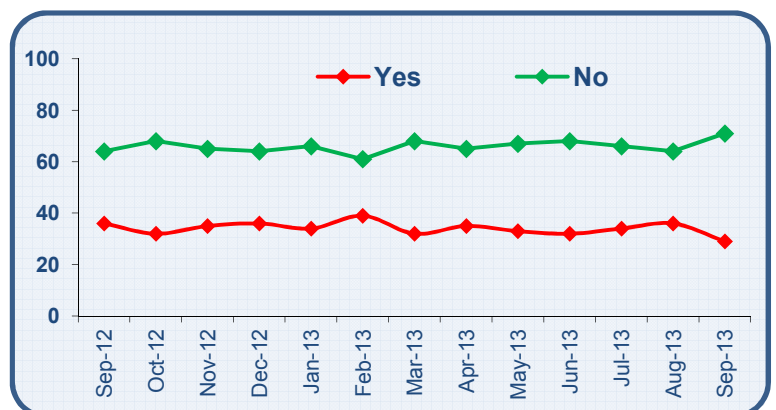
## Detailed Findings of the Consumer Outlook Survey

- Broadly, US consumer outlook is strong, and continues to improve over time. This month in particular shows increasing optimism, which appears to be rooted in the security of perceived economic stability.
- When consumers are asked about their feelings on their personal financial situation as well as the economy generally, more consumers now say they believe that their situation will improve in the next year, by an increase of four points (Graph 2).
- This is also reflected in responses to questions about comfort with making major and minor household purchases: significantly more Americans now say there is 'no change' in their comfort levels compared to six months ago. This reflects a sense of economic stability that fosters a broader sense of optimism.
- This stability in the economy has fostered positivity regarding employment as well.
  - This month saw the largest ever percentage of consumers indicating they did *not* know anyone who had lost their job in the last six months due to economic conditions (71%) (see Graph 3).

Graph 2: Future Personal Financial Situation



Graph 3: Known Someone that Lost Their Job





# RBC Consumer Outlook Index Findings

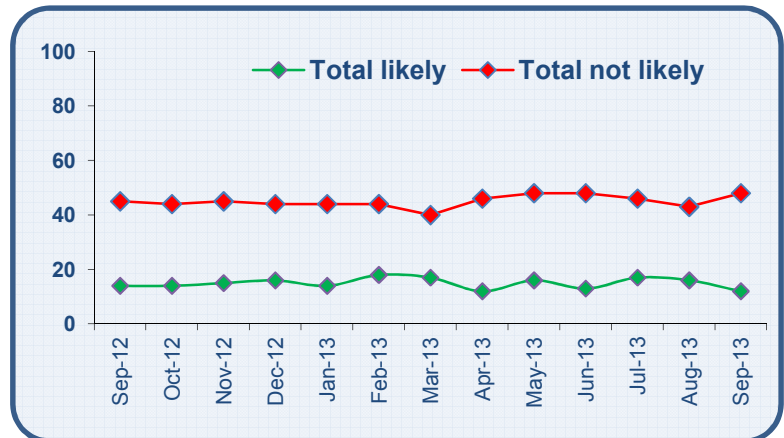
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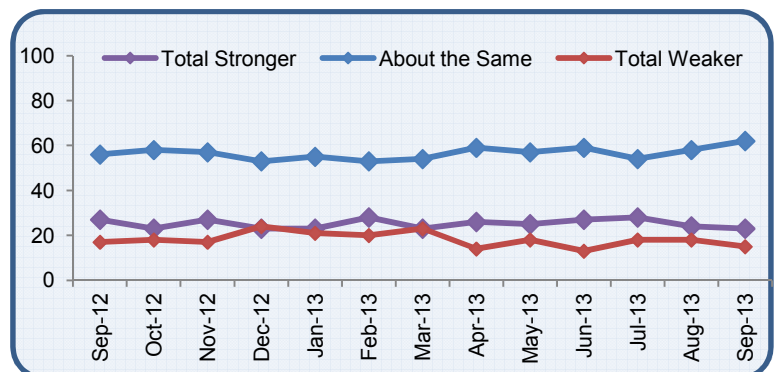
## Detailed Findings of the Consumer Outlook Survey, cont.

- The positivity around jobs and employment is not solely retrospective.
- This month also sees one of the highest ratings in terms of consumer confidence about future employment security for themselves, friends, and family.
  - Nearly one half (48%) of consumers believe it unlikely that they or someone they know will suffer job loss in the next six months, up 5 points (see Graph 4). Furthermore, the proportion who believe that they do know someone who will suffer job loss is at a five-month low (12%).
- This positivity regarding jobs may be rooted in the stability that has been present in the economy in recent months, as well as changing interest rates.
- As consumers begin to regain confidence in their personal long-term economic situation, this confidence has spilled over into confidence about local economies.
- Rather than gathering confidence from drastically improved circumstances, consumers are gaining confidence from economic consistency.
  - Graph 5 shows that nearly two-thirds of consumers (62%, up 4 points since last month), believe that the condition of their local area will remain consistent over the next year. There has been no change among those who think it will be stronger, but a drop of 3 points among those who think it will be weaker
- This confidence rooted in stability is also reflected in the price of goods. With the exception of a spike in March of 2013, the price of gasoline and fuel has been steadily increasing. The ability to reasonably predict the future prices of fuel gives consumers confidence (Graph 6).

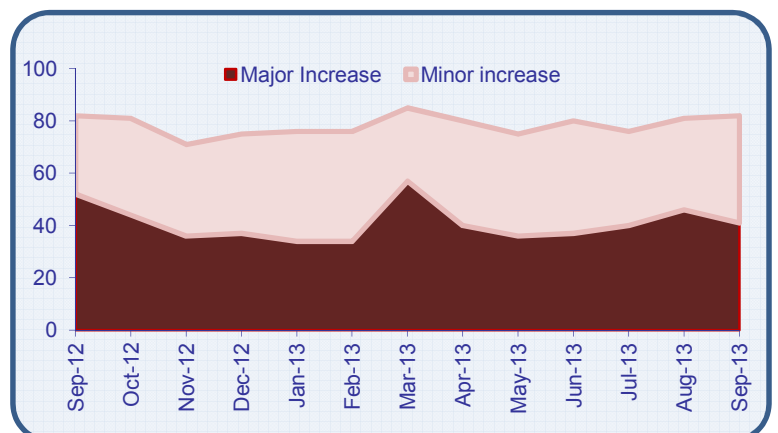
**Graph 4: Expectations about being let go in the next six months**



**Graph 5: Expectations about Local Area**



**Graph 6: Increase in gasoline prices**





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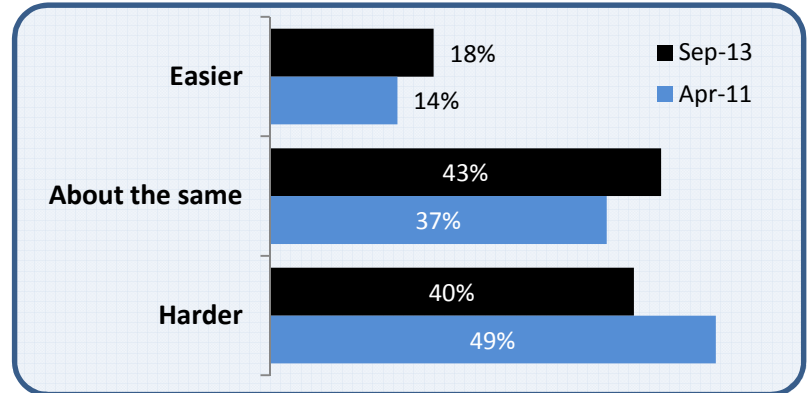
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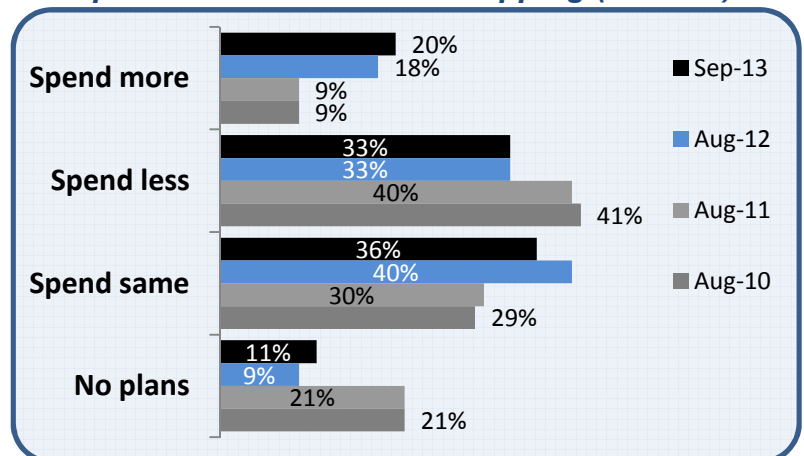
## Detailed Findings of the RBC Custom Questions

**Graph 7: Difficulty Finding a Job**

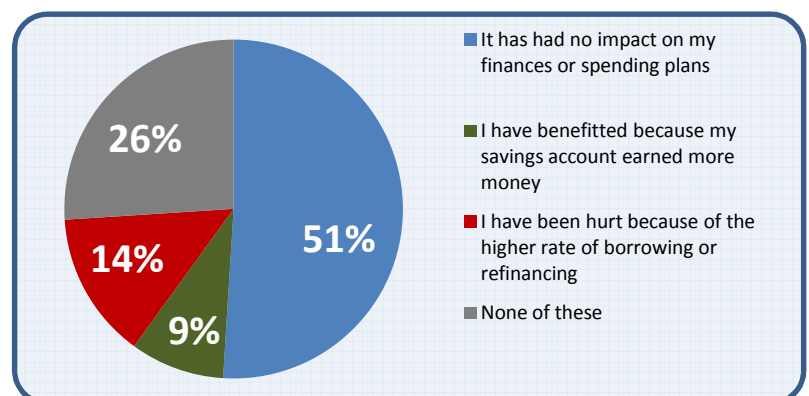
- The surge in employment optimism demonstrated in this month's *RBC Jobs Index* is also reflected in September's custom question about whether it is now easier or harder to find a job compared to one year ago (see Graph 7).
  - Over the past two years, the proportion of Americans who think finding a job is now easier has increased four points to 18%.
  - In addition, fewer (by 9 points) think it is harder to find a job.
- This month's survey also asked parents about their back-to-school shopping plans for their children (see Graph 8).
  - One in five (20%) parents now say that they plan to spend more this year than they did last year.
  - This is more than the double figures from 2010 and 2011, and is on par with figures for 2012.
- Finally, this month's custom questions also asked consumers about the recent increase in interest rates. Almost a quarter of Americans agree with Fed Chair Ben Bernanke's assessment that this increase is due to an improving economy, and two in five disagree. The remaining two in five are unsure, which is not surprising given the complexity of the issue.
- When asked how this increase to interest rates has affected the individual consumer, half indicate that it has had no impact on their finances or spending plans. One in seven report that they have been hurt by the increase, and one in ten indicate that they have benefited (see Graph 9).



**Graph 8: Back-To-School Shopping (Parents)**



**Graph 9: Impact of Interest Rate Increase**



The RBC Consumer Outlook Survey and Index are conducted and calculated by Ipsos Public Affairs. The information contained herein has not been independently verified by RBC Capital Markets.

For questions, comments or concerns, please contact Julia Clark with Ipsos: (o) 202.463.3623. [julia.clark@ipsos.com](mailto:julia.clark@ipsos.com) or Kaitlin Conetta with RBC: (o) 212.428.6409. [kait.conetta@rbccm.com](mailto:kait.conetta@rbccm.com)