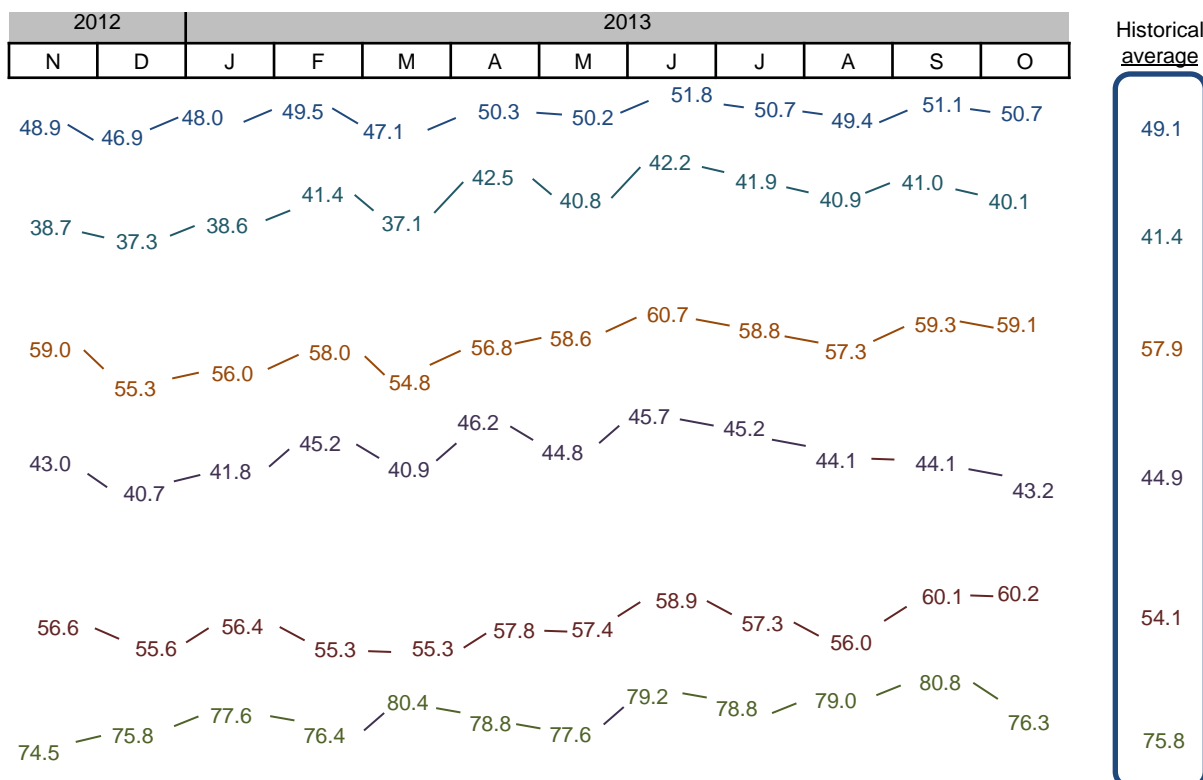


The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

Consumer Confidence Dips Amid Budget Talks

- Overall American consumer optimism has decreased slightly since last month, with the notable exception of the Jobs Index holding steady and the notable decrease in the perception of rising prices. October's *RBC Consumer Outlook Index* is down 0.4 points to 50.7. Across most individual metrics, this month's data shows some pessimism, perhaps due to the budget talks in Washington, DC.
- The overall *RBC Consumer Outlook Index* sits at 50.7 (a decrease of 0.4 points since last month)
 - The *RBC Jobs Index* continued to be the main driver of optimism, increasing 0.1 points to 60.2. This is the highest rating we have seen for this Index since October 2007.
 - The *RBC Expectations Index* has shown a slight downward movement, decreasing 0.2 from 59.3 in September to 59.1 now.
 - The *RBC Inflation Index* has decreased notably by four and a half points, from 80.8 in September to 76.3 this October.
 - The *RBC Current Conditions Index* ticked down nearly a point from 41.0 last month to 40.1 this month.
 - The *RBC Investment Index* also decreased from the previous month, with September's score at 44.1 to a score of 43.2 in October.

RBC Consumer Outlook Index and Sub-Indices November 2012-October 2013



Consumer Outlook Index Trend

Graph 1: COI 2002-2013

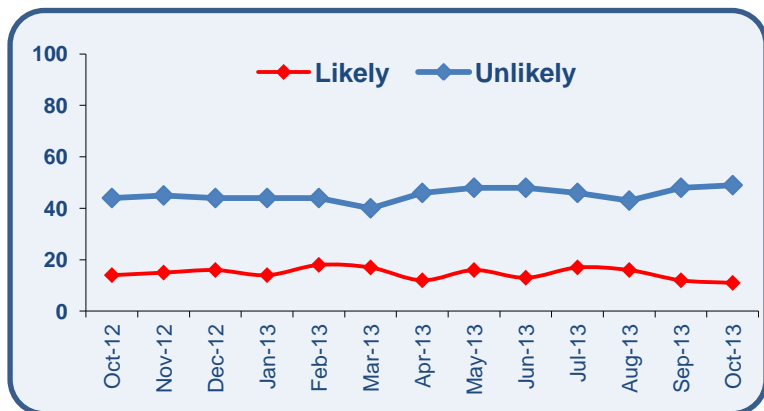


- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. The most prominent event is the great recession in 2008-2009. Since then noteworthy periods include the brief crash in confidence observed Q3-Q4 of 2011 (corresponding with the debt crisis in Washington), and some improvement over the course of 2012, which now appears to be steadying – and climbing – as we enter 2013. Overall since Q1 2009, consumer confidence has been fitfully improving.

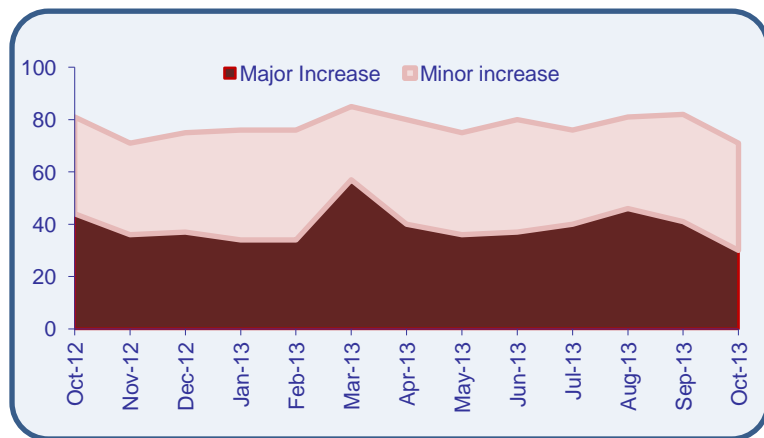
Detailed Findings of the Consumer Outlook Survey

- Broadly, US consumer outlook remains generally strong despite some creeping pessimism in individual indicators.
- When asked about potential job loss in the next six months, the fewest number of consumers on record said that it was likely that someone they know would lose their job.
 - This month saw the largest ever percentage of consumers indicating that it was *unlikely* that they or someone they know would lose their job in the next six months (Graph 2).
- In addition to optimism in the labor market, there has been a notable decrease in the perceptions of rising prices.
 - Consumers believe that prices on durable and consumer goods as well as gasoline are rising more slowly than anticipated. Seven out of ten consumers (70%) observe rising gasoline prices compared with over eight out of ten (82%) last month (Graph 3).

Graph 2: Likelihood Someone Will Lose Their Job



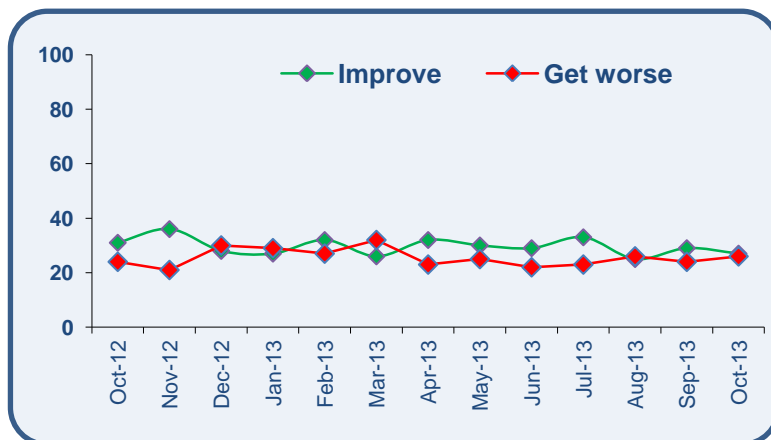
Graph 3: Slower increase in gasoline prices



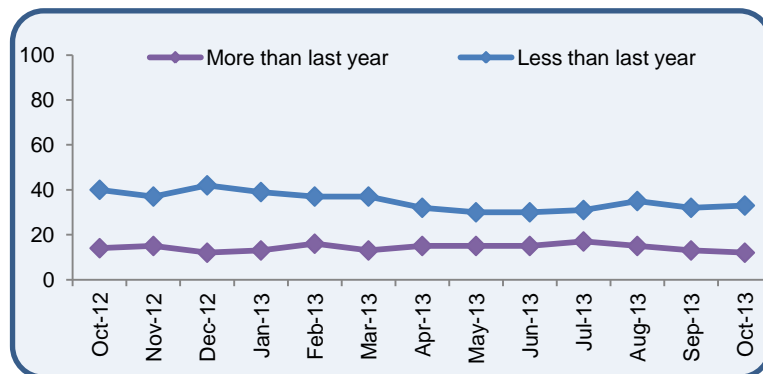
Detailed Findings of the Consumer Outlook Survey, cont.

- Despite optimism about the labor market and perceptions of prices, consumer expectations for the future are less sure.
- This month sees a decline in consumers' expectations for their future financial situation.
 - Over one quarter (26%) of consumers believe that their personal financial situation as well as the United States economy as a whole will get worse over the next year. (Graph 4).
 - At the same time, fewer consumers believe their financial situation will improve over the next year (27%).
- This month's pessimism towards the future could be partially due to the contentious discussions in Washington, DC surrounding the federal government's budget.
- This pessimism discourages consumers from investing the future.
 - Graph 5 shows that just over one tenth of consumers (12% , down 2 points from a year ago), plan to spend more this year on major purchases, such as a car or appliance. This has been the lowest score since November 2012, which also had a score of 12%.
- Not only are consumers not planning on spending more this year on major purchases, but they are less comfortable making the purchase at all than they were six months ago.
 - When consumers are asked about their level of comfort making a major purchasing decision, as compared to six months ago, more consumers were less comfortable with making this decision than last month (Graph 6).

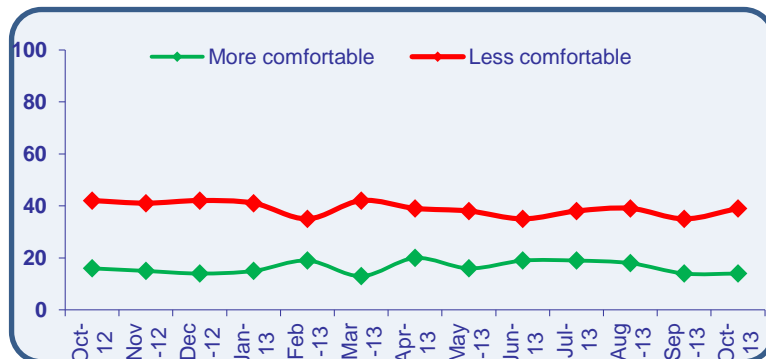
Graph 4: Expectations about personal and overall economic situation



Graph 5: Expectations about Purchasing Big Items

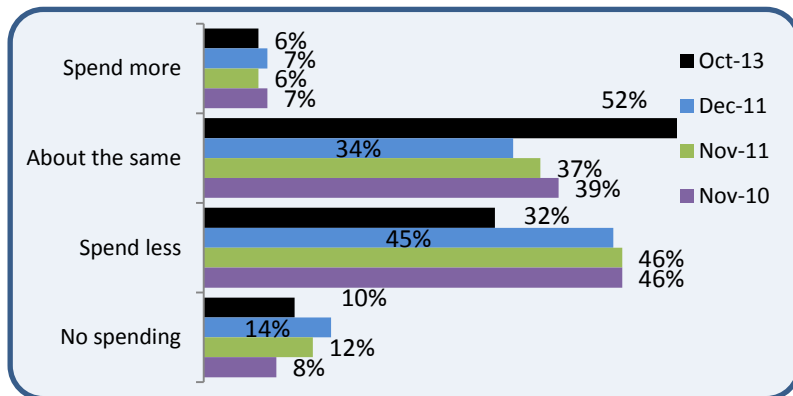


Graph 6: Past and Present Purchasing Confidence

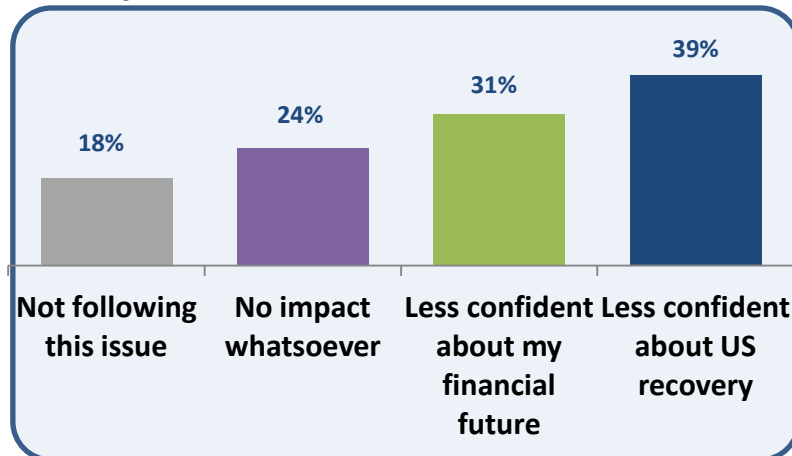


Detailed Findings of the RBC Custom Questions

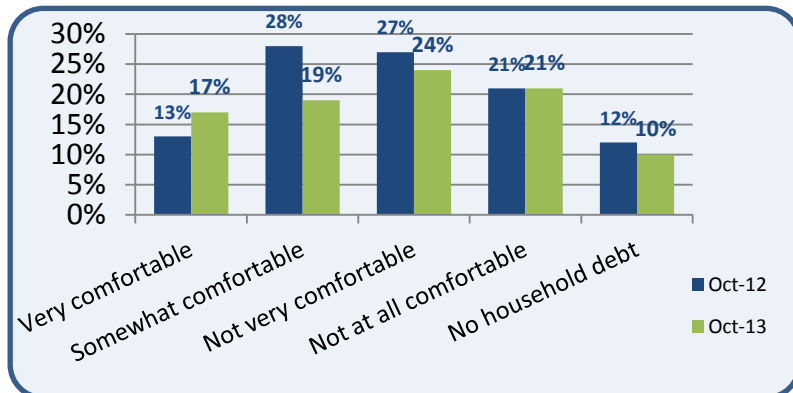
Graph 7: Holiday Shopping



Graph 8: Potential Government Shutdown



Graph 9: Level of Comfort with Household Debt



- As consumers begin to prepare for the holiday season, they are beginning to prepare their budgets (Graph 7).
 - A majority of the consumers (52%) are planning to spend about the same amount that they spent last year on holiday shopping.
 - Fewer consumers are planning to spend less this year than last year (32%). This is a large change from December 2011 (45%).
- This month's survey also asked consumers about their concern and awareness of the current budget talks happening in Washington, DC (Graph 8).
 - Nearly four out of ten (39%) said that the risk of a potential shutdown or a default on the United States' debt makes them less confident about the US economic recovery.
 - However, nearly at quarter (24%) said that these possibilities have had no impact on them whatsoever.
- Finally, this month's custom questions revisited the topic of household debt. When compared with the data from last October, consumers are more comfortable with their levels of household debt. At the same time, fewer consumers are concerned about their levels of household debt. Nearly one half (46%) of consumers are comfortable with their level of household debt, compared with just over four out of ten (41%) respondents a year ago. One out of ten respondents (10%) have no household debt, whereas 12% of respondents had no debt last year.

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.

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