



RBC Consumer Outlook Index Findings

December 2013

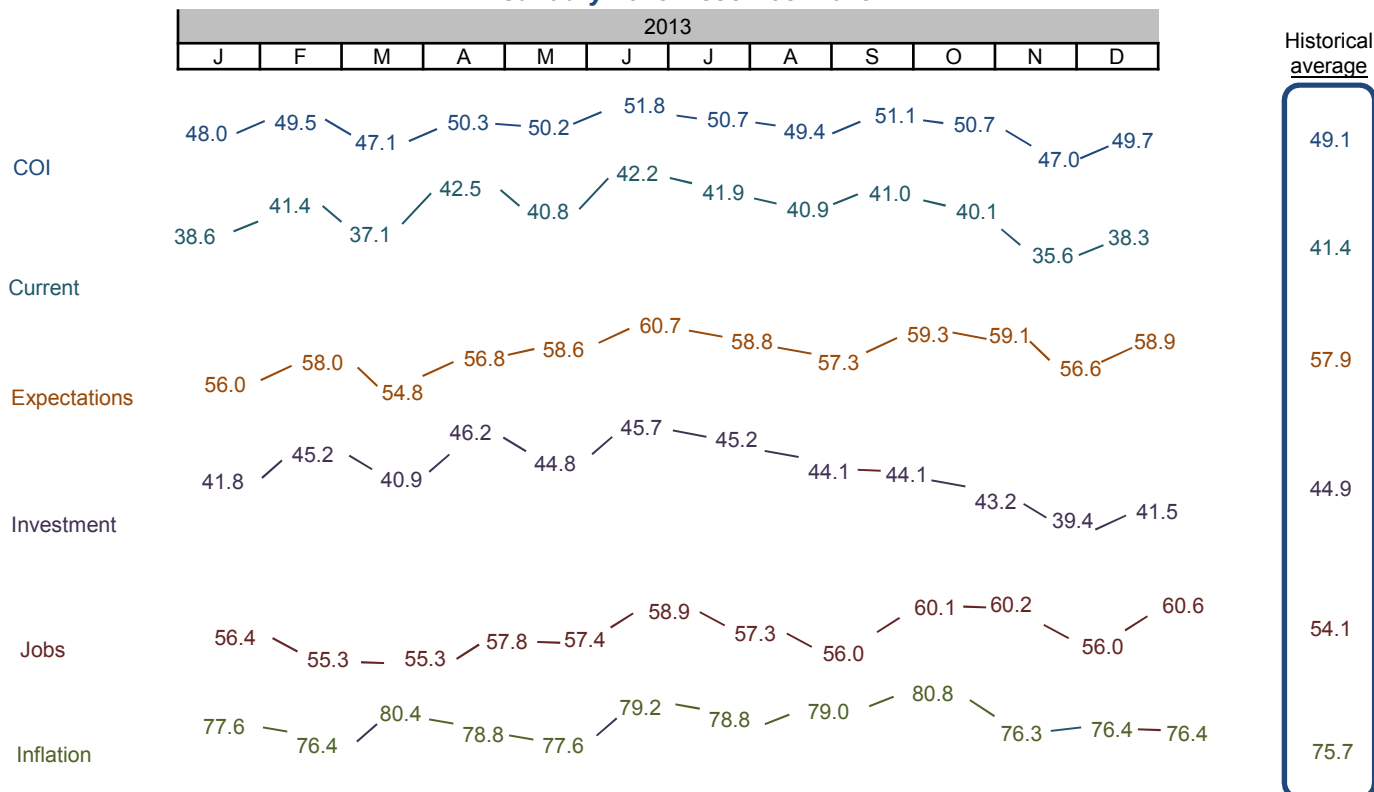


The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

December Sees Economic Confidence Recover, and Jobs Optimism Jump

- December's *RBC Consumer Outlook Index* shows a broad rebound in confidence as well as a more optimistic outlook about the economy. The Government shutdown and near default are over a month in the past and the holiday season is around the corner. Both of these factors contribute to the 2.7 point rise in the *RBC Consumer Outlook Index* since last month. All other metrics show similar signs of improvement with the exception of the *RBC Inflation Index*, which has held steady.
- The overall *RBC Consumer Outlook Index* sits at 49.7 (an increase of 2.7 points since last month)
 - The *RBC Current Conditions Index* shows a strong increase of 2.7 points, rising from 35.6 to 38.3 this month.
 - The *RBC Jobs Index*, has come back exceptionally strong after a steep decline last month, rising from 56.0 to 60.6 (the highest score since October 2007).
 - The *RBC Investment Index* increased 2.1 points from 39.4 to 41.5.
 - The *RBC Expectations Index* increased 2.6 points, from November's score of 56.6 to December's 58.9.
 - The *RBC Inflation Index* is the only metric that has remained the same for two consecutive months, holding steady at 76.4.

RBC Consumer Outlook Index and Sub-Indices January 2013-December 2013





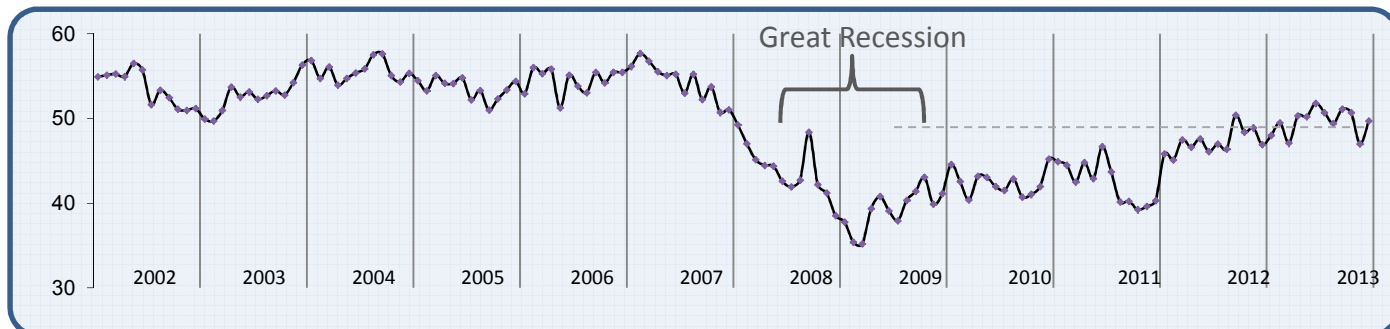
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Consumer Outlook Index Trend

Graph 1: COI 2002-2013

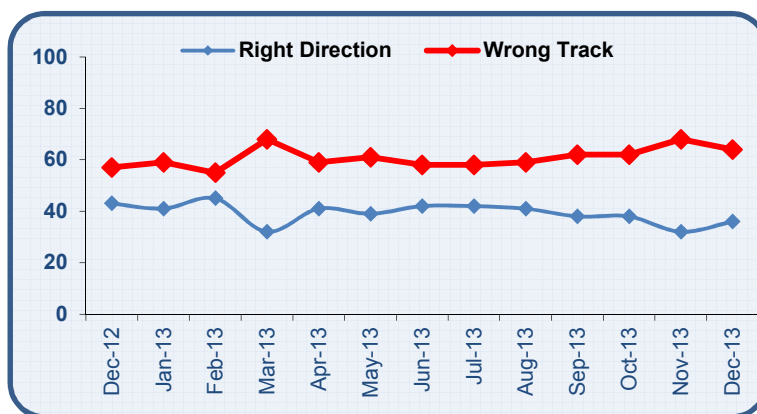


- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. The most prominent event is the great recession in 2008-2009. Since then noteworthy periods include the brief crash in confidence observed Q3-Q4 of 2011 (corresponding with the debt crisis in Washington), and some improvement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

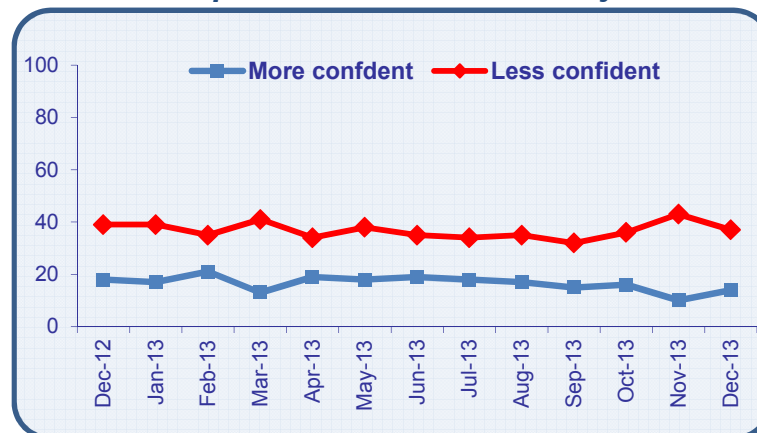
Detailed Findings of the Consumer Outlook Survey

- This month sees some recovery from last month's significant decline in broad consumer optimism (related to the Government shutdown and near-default). December's data shows that 36% now think things are heading in the right direction, an improvement of four points from last month's rating of 32% (Graph 2)
- This recovery is seen across most Indices this month, all but one of which show recovery to levels near October 2013, prior to the shutdown.
- In particular we see strong recovery to the *RBC Jobs Index*, which – at 60.6 – is currently at the highest it has been since October 2007.
- Two metrics in particular highlight this improvement, the first of which is the improvement in confidence about present job security:
 - By a four-point increase to 14%, Americans are now more confident about job security for themselves and people they know (Graph 3)
 - The survey also shows a six-point drop (to 37%) in those less confident about job security.

Graph 2: Right Direction or Wrong Track



Graph 3: Present Job Security





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Detailed Findings of the Consumer Outlook Survey, cont.

Graph 4: Likelihood of Job Loss

- The second metric that highlights this improved optimism about jobs relates to perceptions of future employment. Here we find a seven-point increase in the proportion of Americans who think it is 'not likely' that they or someone they know will lose their job in the next six months as a result of economic conditions (Graph 4).

- This increase from 45% to 52% is notable because it is the highest rating ever measured for this particular question, and the first to go above the 50% mark.

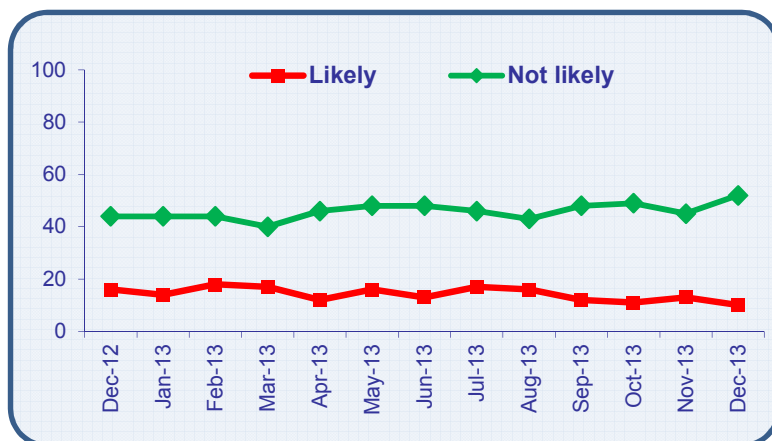
- This improvement also reflects a slow but steady trend upwards for this question, as illustrated by the upward slope of the green line in Graph 4.

- The *RBC Investment Index* has also ticked up over two points since last month, reflecting a recovery in public confidence about the broad future health of the economy.

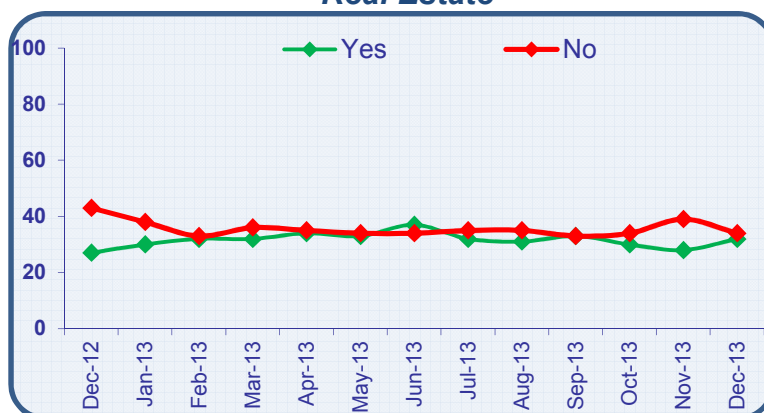
- In particular, the data shows a four-point improvement (from 28% to 32%) in the proportion of Americans who believe that the next 30 days will be a good time to invest in real estate (Graph 5).

- When looking ahead to the next six months, however, attitudes are flatter. There has been no change since last month in how people predict their local economies will perform (63% think they will remain the same over the next 6 months).

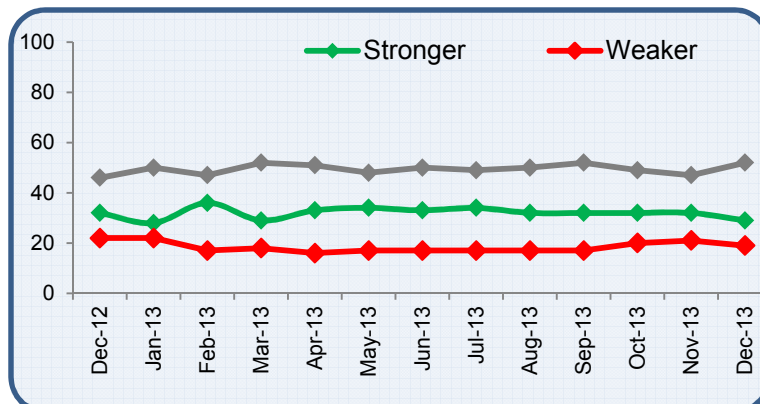
- Similarly, people do not predict either improvement or decline for their own personal financial situations over the next six months: 52% (up from 47% last month) expect things to stay about the same, and smaller proportions think that their own situation will strengthen or weaken.



Graph 5: Next 30 days A Good Time to Buy Real Estate



Graph 6: Future Personal Financial Situation





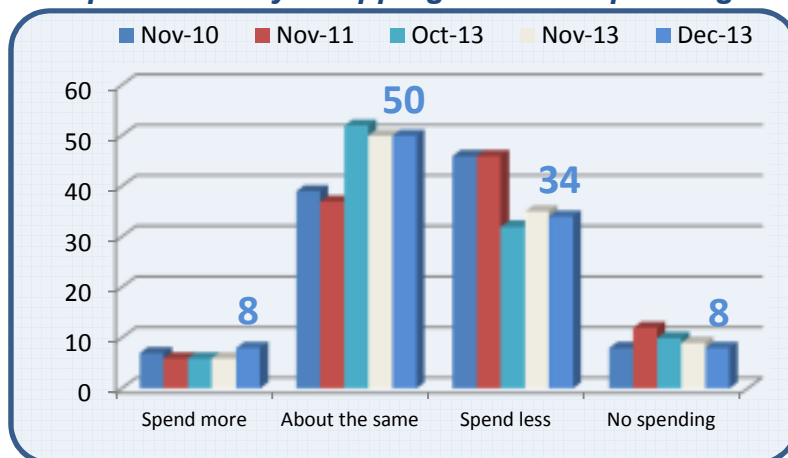
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Detailed Findings of the RBC Custom Questions

Graph 7: Holiday Shopping Planned Spending



- Eight percent of Americans say that they will be spending more on holiday shopping this year than during the previous year, a slight increase from last month's six percent (Graph 7).

- Half of Americans (50%) say they are planning to spend an equal amount to what they spent last year, and a third plan to spend less than last year.

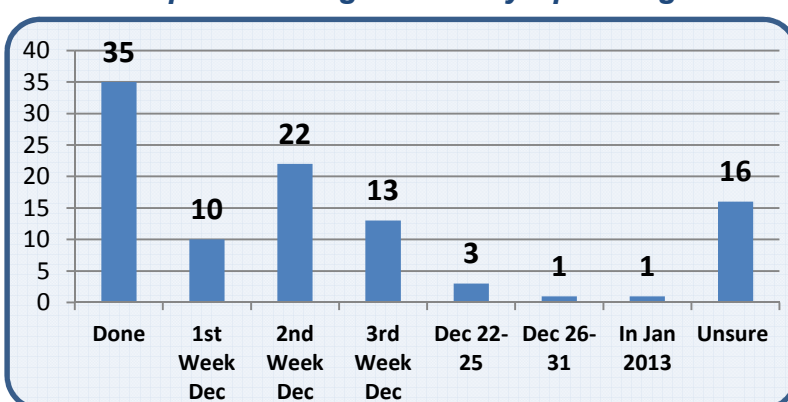
- With Thanksgiving launching the holiday shopping season, December spending is already well underway; indeed, more than a third (35%) of Americans have already completed the bulk of their holiday shopping (perhaps taking advantage of Black Friday sales).

- A further one in ten (10%) are doing their shopping this week, and over a fifth of consumers (22%) plan to do the bulk of their holiday shopping during the second week of December (Graph 8).

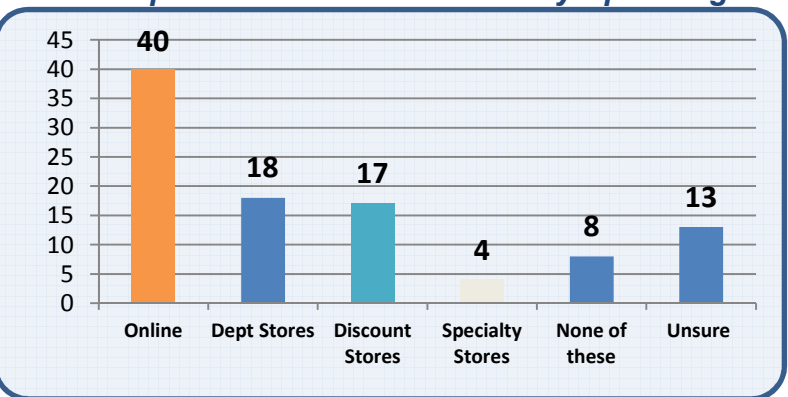
- A few last-minute shoppers will wait until the third week of December (13%) or even the last few days before Christmas (3%).

- Two in five (40%) consumers plan to do the bulk of their holiday shopping online this year (Graph 9).
- Among the types of items most people plan on purchasing this year for the holidays, clothing and accessories (55%) and electronics (33%) topped the list as the most popular items that shoppers plan to purchase this holiday season. Books come in third at 30%.

Graph 8: Timing of Holiday Spending



Graph 9: Destination of Holiday Spending



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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