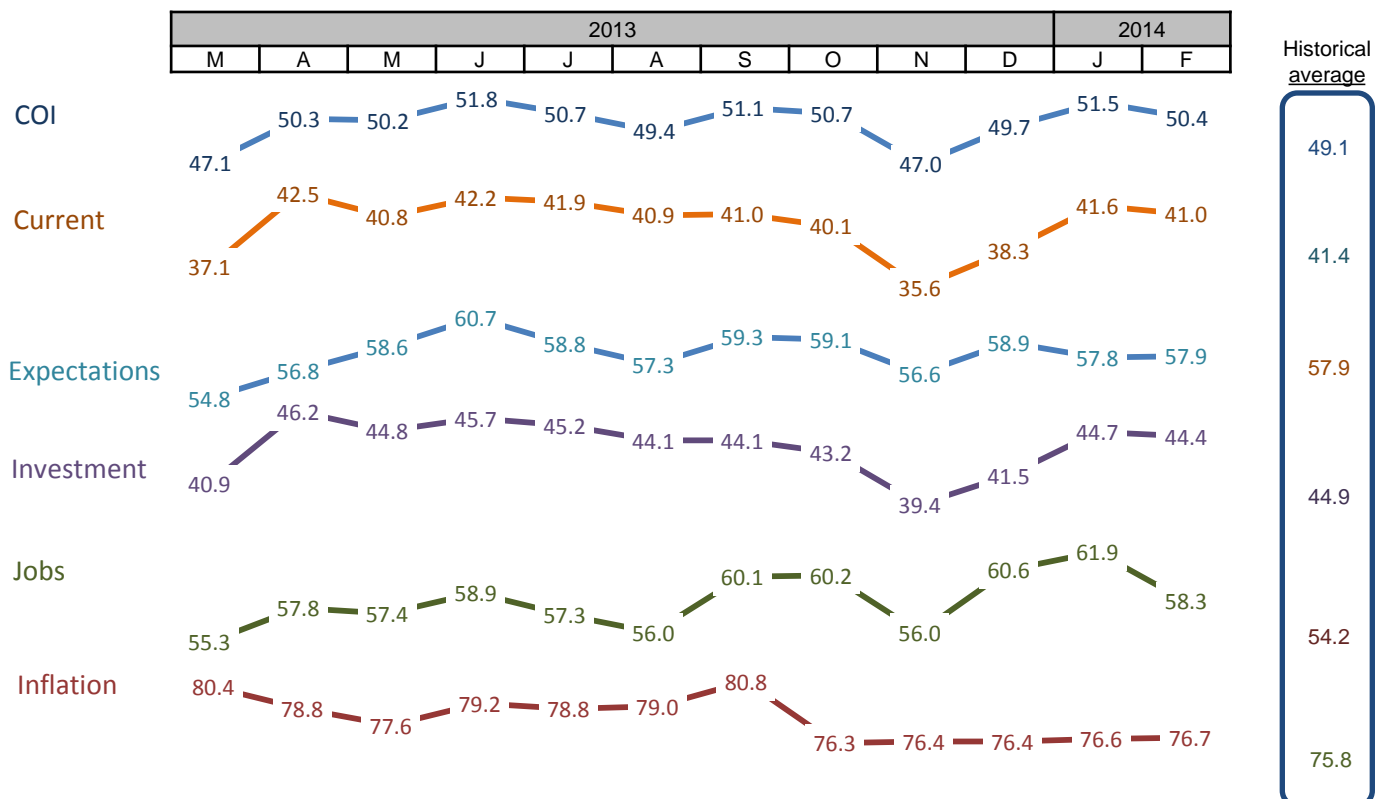


The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

Consumer Confidence Mostly Unchanged in February

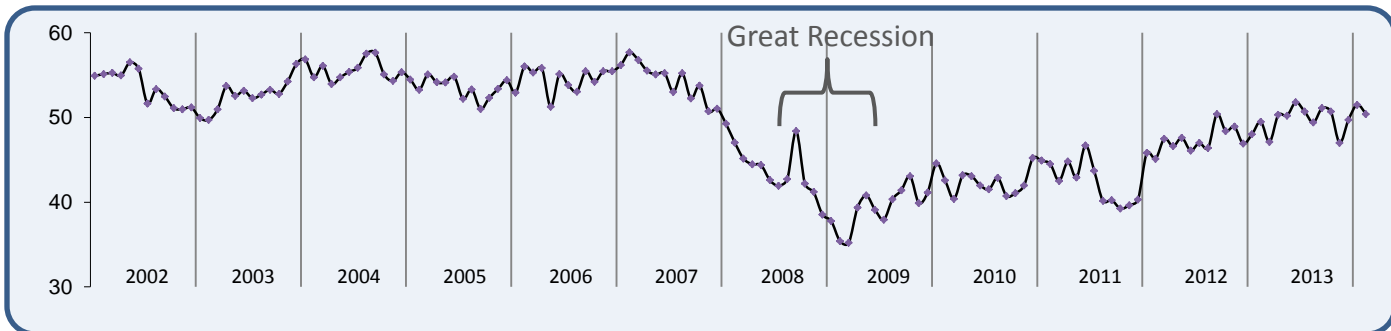
- February 2014 sees minimal change in consumer confidence as measured by the RBC Consumer Outlook Index. However, the stability in the overall index obscures several countervailing trends observed in the consumer data. Specifically, employment confidence is weaker as seasonal holiday employment ends but consumers are reporting stronger local economies and personal finances as the national economy continues to heal.
- The overall *RBC Consumer Outlook Index* stands at 50.4, down 1.1 points from last month.
 - The *RBC Jobs Index* is the biggest mover this month, down 3.6 points from last month's mark to stand at 58.3. While this is down from the last two months, the index remains above the mark from this time last year.
 - The *RBC Current Conditions Index* shows little movement, down 0.6 points to 41.0. Most of this is driven by the influence of employment security on current conditions.
 - The *RBC Investment Index* is stable this month standing at 44.4.
 - The *RBC Expectations Index* also shows no movement holding at 57.9.
 - The *RBC Inflation Index* continues to hold steadily, rising only 0.1 points in February. This is the fifth consecutive month with relatively mild inflation pressures.

RBC Consumer Outlook Index and Sub-Indices March 2013-February 2014



Consumer Outlook Index Trend

Graph 1: COI 2002-2014

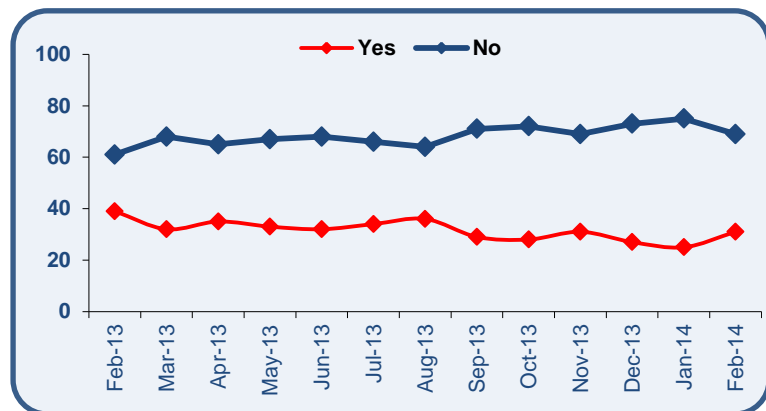


- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. The most prominent event is the great recession in 2008-2009. Since then noteworthy periods include the brief crash in confidence observed Q3-Q4 of 2011 (corresponding with the first debt crisis in Washington) and the slow, fitful improvement of confidence over the rest of 2012 and 2013. Going into 2014 consumer confidence is on a generally upward trend but remains sensitive to external shocks.

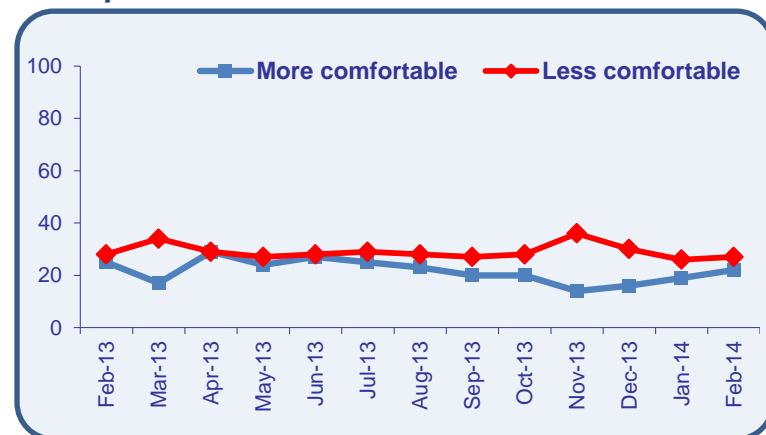
Detailed Findings of the Consumer Outlook Survey

- February shows a few new trends in overall consumer confidence from January 2014.
- In particular we see a dip in the *RBC Jobs Index* which posted a 6-year high last month. This indicates that some of the last two month's boom in the jobs number was probably attributable to seasonal hiring and overstates permanent gains.
- The number of consumers reporting job losses in their immediate circle is up to 31% after last month's low mark. However, current job loss reports remains better than the mark observed one year ago (39% in Feb 2013) (Graph 2).
- However this actual experience with job losses does not appear to be affecting consumers' expectations for job security. Currently only 24% expect someone in their circle to lose a job in the next six months, unchanged from last month.
- Indicative of the temporary nature of the job losses, Most consumers (49%) report no change in their ability to afford household expenses with a slight improvement in the number reporting more comfort (22%). This number remains worse than reported one year ago (25%) (Graph 3).

Graph 2: Family or Friends Experiencing Recent Job Loss



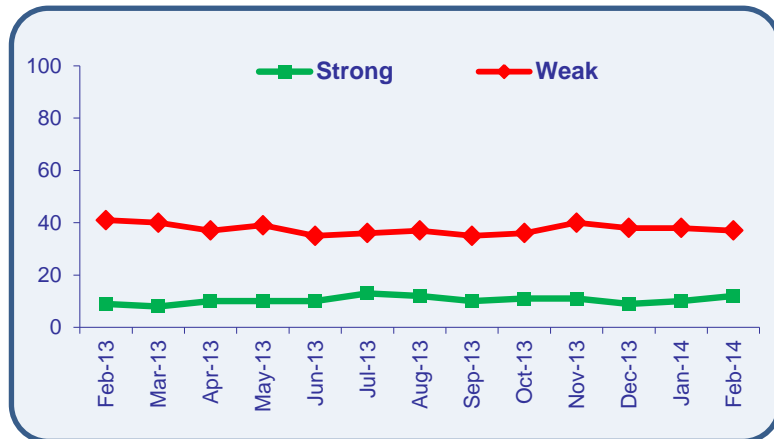
Graph 3: Comfort with Household Purchases



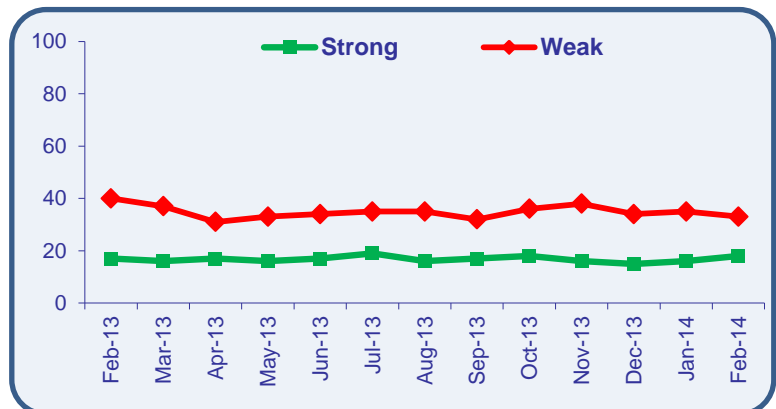
Detailed Findings of the Consumer Outlook Survey, cont.

- Also countering the declines in employment, the number of consumer reporting stronger personal finances and stronger local economies is slowly increasing, although the overall picture remains one of stasis.
 - Only about a third (37%) of consumers currently rate their local economy as weak, continuing down from the recent high of 40% in November 2013 (Graph 4).
 - Likewise, consumer sentiments about their personal finances are slightly better this month with 18% saying their finances are strong and 33% saying weak, a 4 point swing from last month (Graph 5).
- Looking forward, consumers appear to expect more of the same, the economy gradually improving but no boom times to be seen.
 - Focusing on local economies, 24% report they expect their local economy to be stronger in the next six months, up from 21% in January.
 - Turning to personal finances, a third (33%) say their personal finances will improve in the next six months, up from 30% last month.
- The *RBC Inflation Index* continues to show little movement in the inflation pressures experienced by regular consumers.
 - Consumers report little change from last month in their expectations for prices on all commonly purchased commodities, including gasoline and fuel prices (Graph 6).
 - One area where consumer do report price increases is housing costs, up a total of 5 percentage points this month.

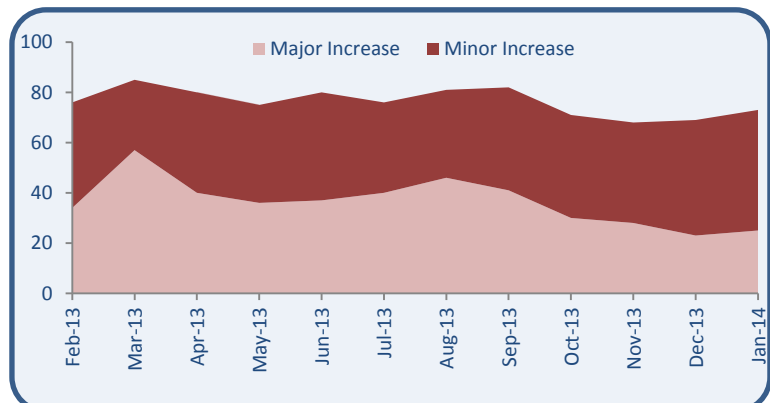
Graph 4: Current State of Local Economy



Graph 5: Current State of Personal Finances



Graph 6: Changing Gasoline Prices

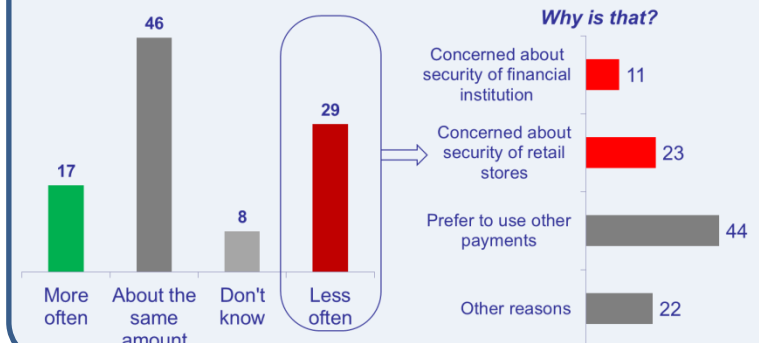


Detailed Findings of the RBC Custom Questions

- Slightly more than a quarter (29%) of consumers report that they are using credit cards less frequently at retail outlets. Of that population, only a third say they are using their credit cards less often because of concern about a security risk (Graph 7).
- Taken together this indicates that only about 10% of these consumers say they have reduced credit card use in the wake of the various retail security breaches of the last two months.
- Turning to investing, very few consumers report paying significant attention to economic or financial news from developing economies:
 - Fewer than one quarter say they follow economic news from Eastern Europe (21%), Middle East (21%), Africa (20%) or Southeast Asia (21%) somewhat or very closely.
 - Additionally only 15% of consumers, and 25% of consumers with investments, say that international economic news impacts their financial decisions (Graph 8).
- Finally, with the severe weather felt across the United States, fewer than 1 in 8 consumers say they are more comfortable now with their ability to pay home utility and heating bills than they were six months ago.
 - The majority, 56%, say there is no change in their ability to pay heating expenses.

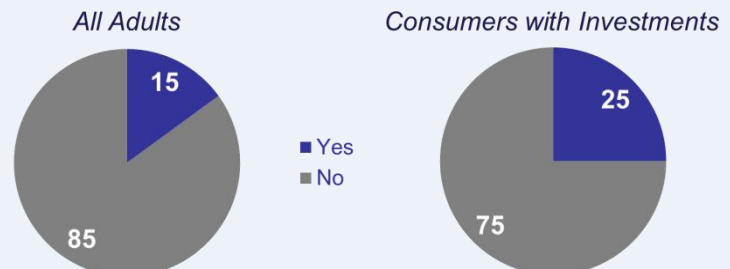
Graph 7: Card Use at Retail Outlets

Compared to six months ago, are you using a credit card more or less often at retail stores?



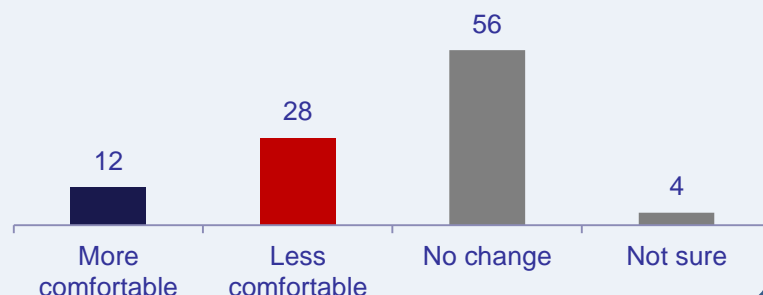
Graph 8: Impact of Int'l News on Investing

Do you change your saving or investing habits because of economic news and events happening in other countries?



Graph 9: Comfort with Home Heat Expense

Compared to six months ago... Are you NOW more or less comfortable paying your home utility and heating bills?



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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