

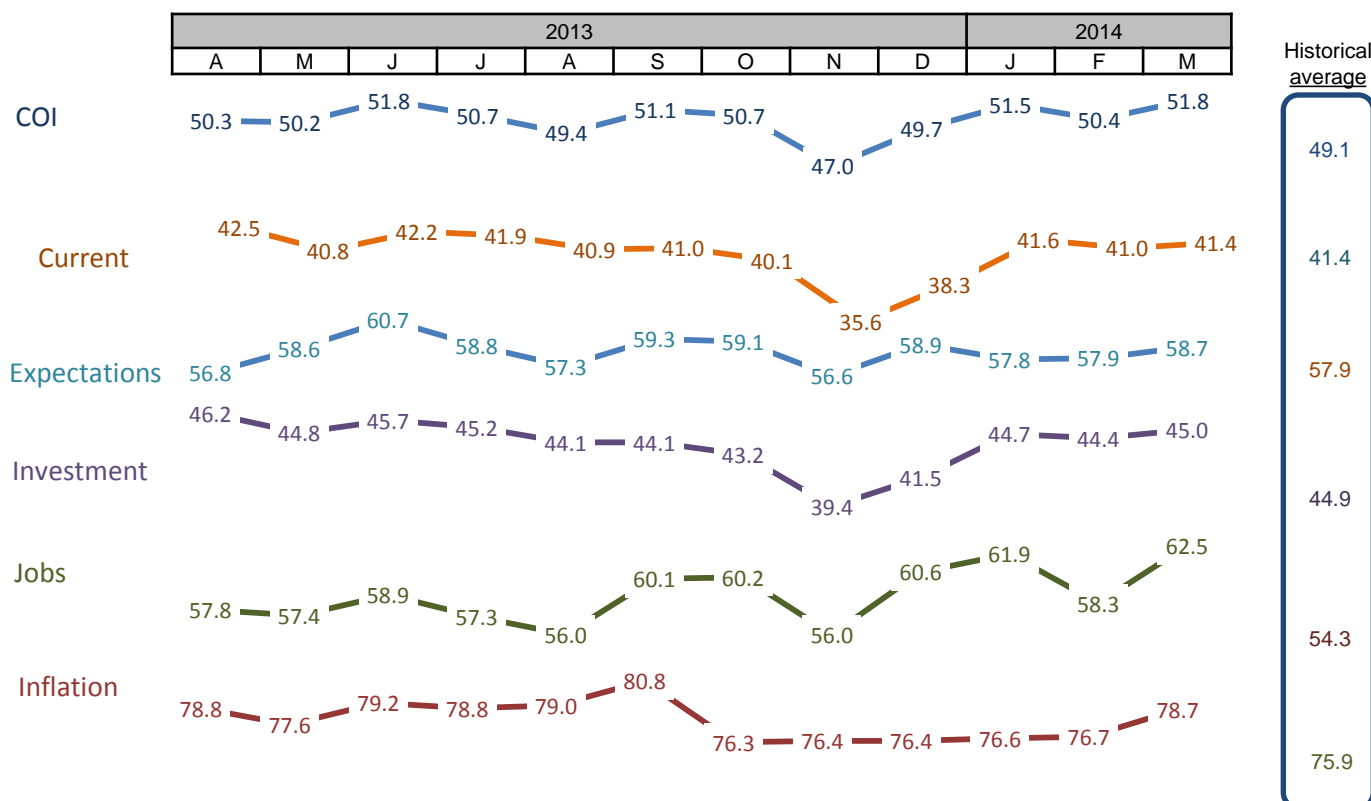
The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

### Consumer Confidence Returns to Previous Trends

- March's *RBC Consumer Outlook Index* shows a return to previous trends after a temporary drop in February. The stability in the overall index reflects trends seen elsewhere in the consumer data. Specifically, employment confidence is at the highest point on record, after taking a brief dip last month due to seasonal holiday employment ending. Consumers still report stable, if not strong, local economies and personal finances.
- The overall *RBC Consumer Outlook Index* stands at 51.8, up 1.4 points from last month.
  - The *RBC Jobs Index* is the biggest mover this month, up 4.2 points from last month's mark to stand at 62.5. This uptick returns the *Jobs Index* to its previous upward trend witnessed since December of last year.
  - The *RBC Current Conditions Index* shows little movement, up 0.4 points to 41.4. Most of this is driven by the influence of employment security on current conditions.
  - The *RBC Investment Index* remains relatively stable over the last several months, ending at 45.0.
  - The *RBC Expectations Index* also shows nearly a one point uptick, resting at 58.7.
  - The *RBC Inflation Index* jumps two points in March. This is the largest month-to-month movement that we have seen since fall of 2013.

### RBC Consumer Outlook Index and Sub-Indices

April 2013-March 2014



## Consumer Outlook Index Trend

**Graph 1: COI 2002-2014**

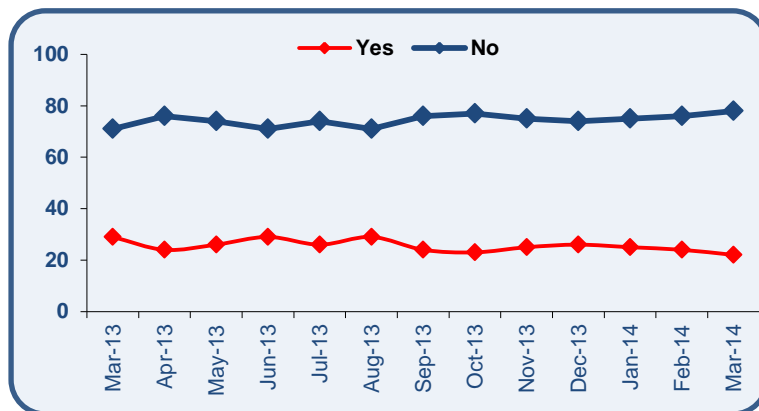


- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. The most prominent event is the great recession in 2008-2009. Since then noteworthy periods include the brief crash in confidence observed Q3-Q4 of 2011 (corresponding with the first debt crisis in Washington) and the 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.

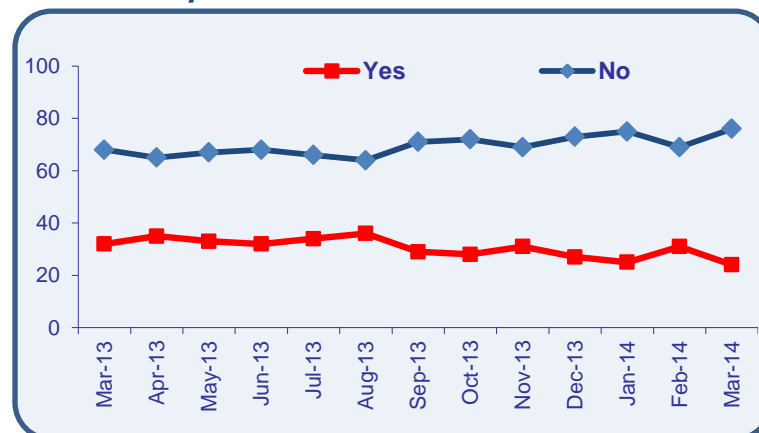
## Detailed Findings of the Consumer Outlook Survey

- March picks up several trends where January's indices left off.
- In particular we see recovery in the *RBC Jobs Index* which resumed the six-year high that was observed in January 2014. This indicates that the improvement over the last several months - excluding February – reflects at least in part permanent gains.
- Focusing on several specific measures this month's COI indicates that:
  - We are at a three year low in the number of consumers (22%) that are reporting that they are current worried about losing their jobs (Graph 2).
  - The number of consumers reporting job losses in their immediate circle in the last six months is down to 24% -- consistent with January's mark of 25% and continuing the downward trend observing since summer of 2013 (Graph 3).
- As previously noted, this is the lowest number of consumers since before the recession that have reported a job loss for themselves or a member of their close circle.

**Graph 2: Currently Concerned about Job Loss**



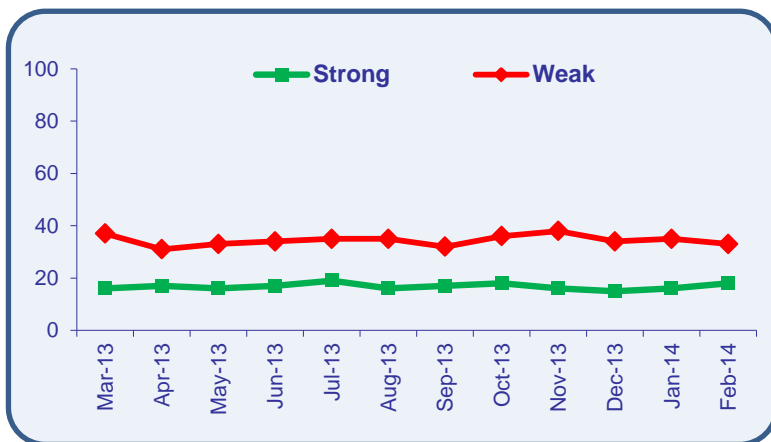
**Graph 3: Job Loss in Close Circle**



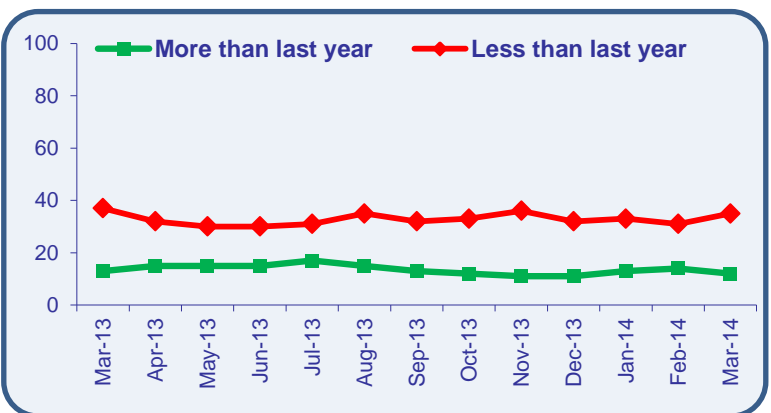
## Detailed Findings of the Consumer Outlook Survey, cont.

- While employment-related optimism has returned to pre-February levels, the number of consumer reporting stronger personal finances and stronger local economies has decreased slightly this month, although the overall picture remains one of stability.
  - Three in ten (30%) of consumers currently rate their personal financial situation as weak, down from one third (33%) a month ago (Graph 4).
  - At the same time, fewer than one fifth (15%) of consumers claim their personal finances are strong.
  - There is a strong move towards stability with over one half (55%) of consumers claiming their personal finances are stable, up from under one half (48%) last month.
- Looking forward, consumers expect to spend, on average, roughly the same amount in the next six months as they did last year (53%) (Graph 5).
  - Slightly over one in ten (12%) consumers anticipate spending more in the next six months on household appliances, cars, and vacations than they did last year.
  - After the volatile and expensive winter season, consumers are eager to divert money from their heating bills to other purchases.
- The *RBC Inflation Index* continues to show little movement in the inflation pressures experienced by regular consumers.
  - While the overall *Inflation Index* has not changed greatly over the past month, consumers note a major and minor increase in the cost of gasoline and fuel (Graph 6).
  - This is largely due to the uncharacteristically cold and harsh winter weather conditions of the past season.

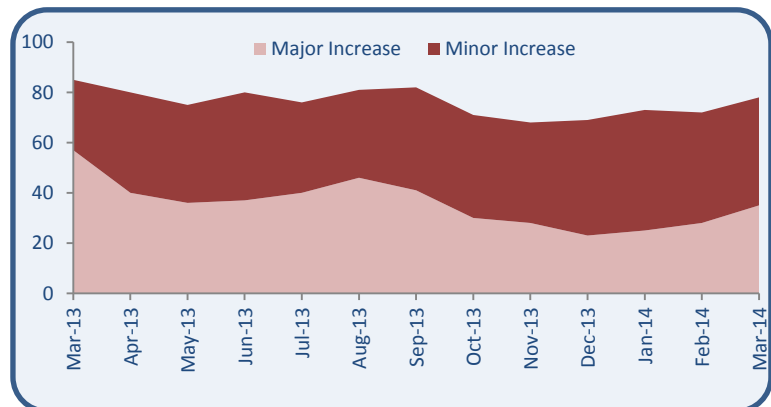
**Graph 4: Current Personal Finances**



**Graph 5: Future Household Spending**



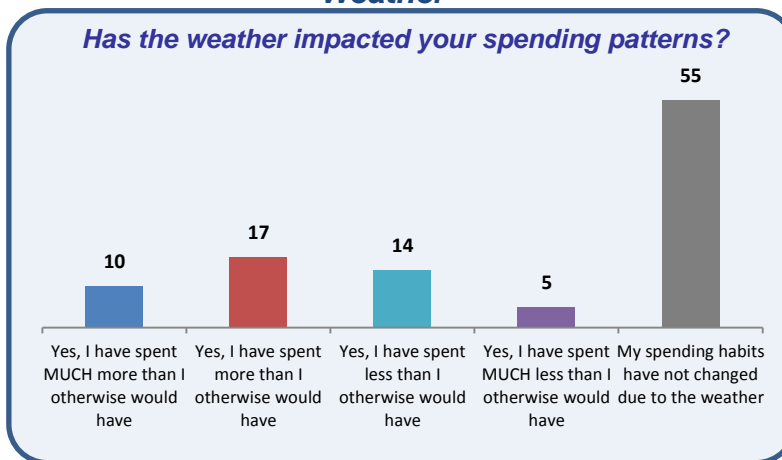
**Graph 6: Changing Gasoline Prices**



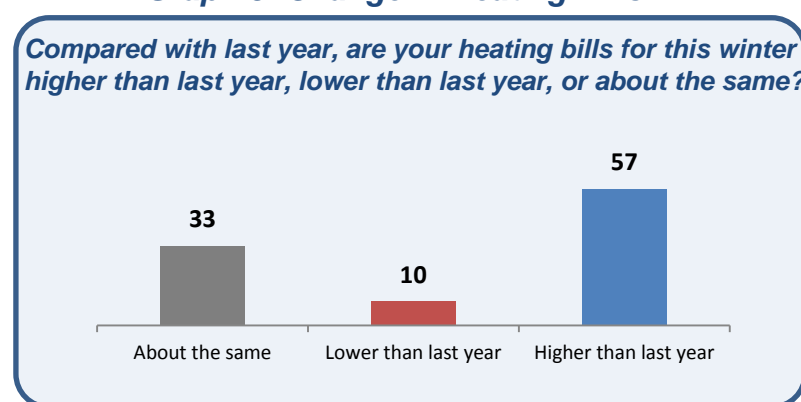
## Detailed Findings of the RBC Custom Questions

- Many consumers say that the recent winter weather conditions affected their purchasing habits, with over one quarter (27%) saying that they spent more than they otherwise would have. Over one half (55%) say that the weather has not affected their spending habits (Graph 7).
  - Among those who spent more, the most common categories where consumers spent more are clothing, health and personal care, and automobiles.
- In addition to increased costs in other areas, many consumers report increased heating bills when compared to last year (Graph 8).
  - Over one half of consumers report higher heating bills than the year before (57%).
  - Consumers that report higher heating bills also report spending less in other areas of their budgets, such as food, supplies, or other household items (42%).
  - Over one third (37%) say their increased heating bills have not affected their spending in other areas of their budgets.
- Finally, Congress came to an agreement regarding the suspension of the debt ceiling until March 2015. While many in Washington, DC applaud the solution, the average consumer feels little impact due to the deal (Graph 9).
  - Nearly one half of consumers (49%) say that this agreement has no impact on their economic outlook whatsoever, while nearly one third (31%) has not been following the issue.

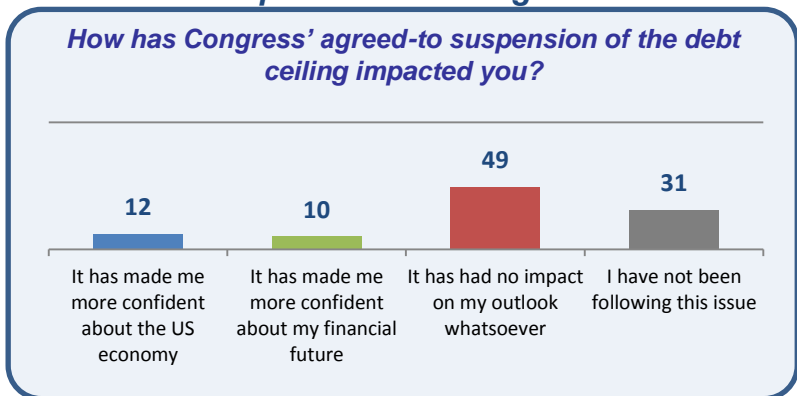
**Graph 7: Change in Purchasing Habits Due to Weather**



**Graph 8: Change in Heating Bills**



**Graph 9: Debt Ceiling Effects**



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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