

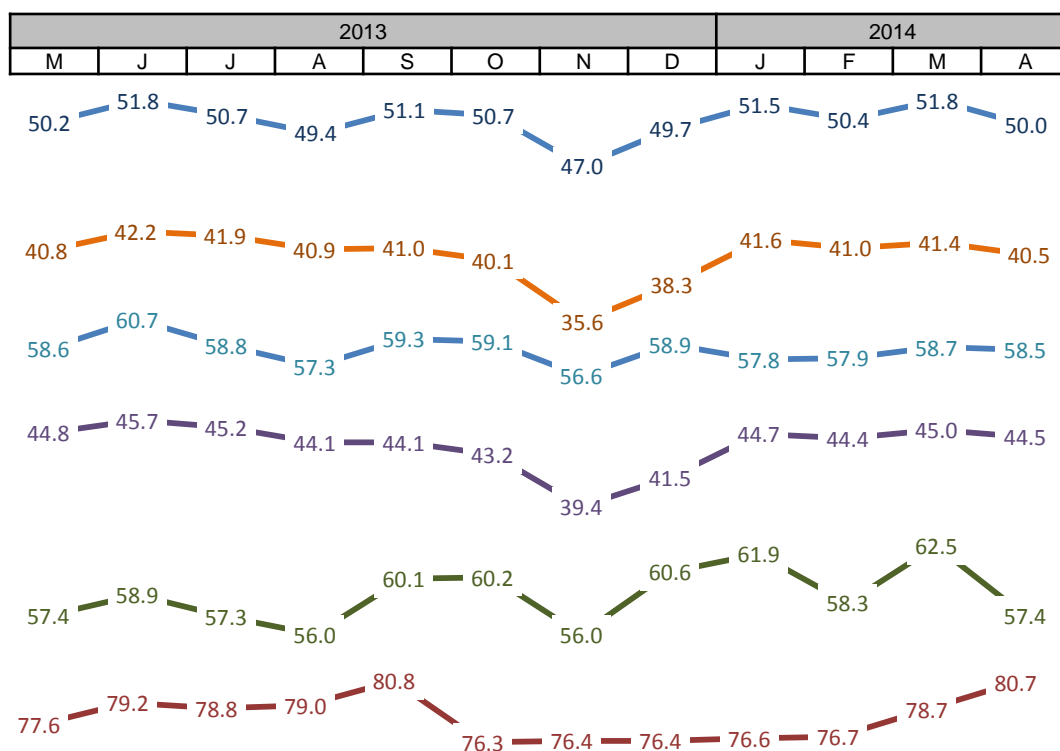
The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

## Consumer Confidence Returns to Previous Trends

- With April's *RBC Consumer Outlook Index* showing a minor drop in American consumer confidence, it is becoming clear that the past year has seen no real improvement in overall consumer sentiment. Other than last fall's government shutdown-related drop and subsequent recovery, consumer confidence is functionally unchanged over the last year indicating the slow recovery since the recession may have stalled.
- The overall *RBC Consumer Outlook Index* drops to 50.0, down 1.8 points from last month.
  - The *RBC Jobs Index* is again the biggest mover this month, down 5.1 points from last month's mark to stand at 57.4. This move puts us back to the same Jobs Index score observed 12 months ago.
  - The *RBC Current Conditions Index* shows little movement, down 0.9 points to 40.5.
  - The *RBC Investment Index* remains relatively stable over the last several months, at 45.5.
  - The *RBC Expectations Index* also shows very little movement, resting at 58.5.
  - The *RBC Inflation Index* continues to climb, up another 2 points to stand at 80.7. This is the second consecutive month of increased inflation concerns and brings the inflation index back to the high mark observed early last fall.

## RBC Consumer Outlook Index and Sub-Indices

May 2013-April 2014



Historical  
average

49.1

41.4

57.9

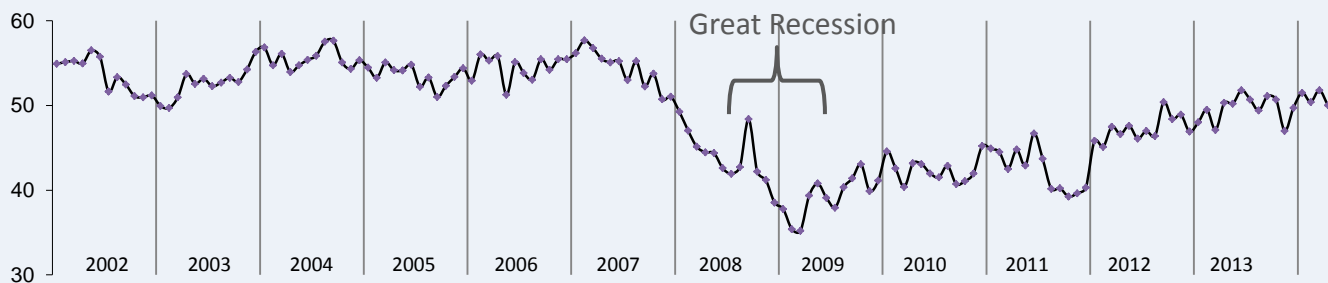
44.9

54.3

75.9

## Consumer Outlook Index Trend

Graph 1: COI 2002-2014

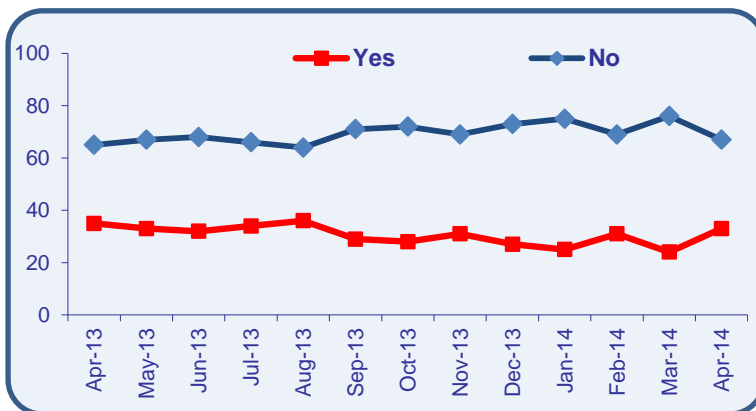


- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. The most prominent event is the great recession in 2008-2009. Since then noteworthy periods include the brief crash in confidence observed Q3-Q4 of 2011 (corresponding with the first debt crisis in Washington) and the slow, fitful improvement of confidence over the rest of 2012 and 2013. However since the second quarter of 2013, the rally has mostly stalled with minimal improvement in confidence over the past year.

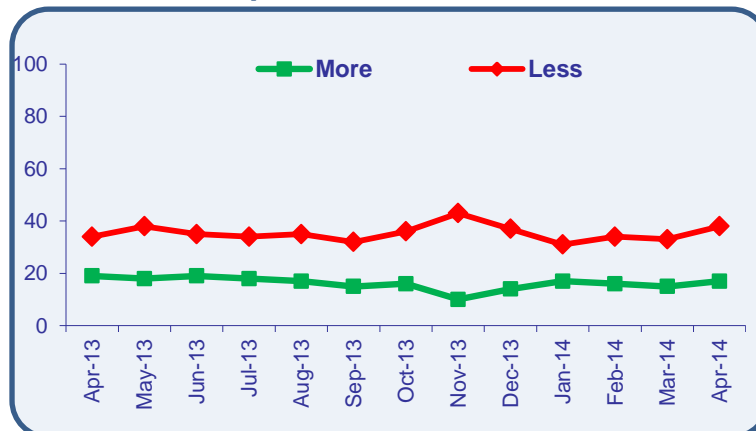
## Detailed Findings of the Consumer Outlook Survey

- The biggest movers this month are the questions which make up the *RBC Jobs Index*.
- Focusing on several specific measures this month's Jobs index indicates that:
  - After hitting a low mark last month, the number of consumers experiencing job loss in their immediate circle has spiked to 33%, up from 24% reporting in March (Graph 2).
  - Retrospective job security also remains low and has trended worse in the past few months. Currently 38% of Americans report that they are less confident in their job security now than they were six months ago. Aside from the spike associated with the government shutdown, this level is unchanged from May 2013's mark of 38%. (Graph 3).
  - Looking forward, 14% of consumers report that they are likely to lose their jobs in the next few months, up from 10% last month.

Graph 2: Job Loss in Close Circle



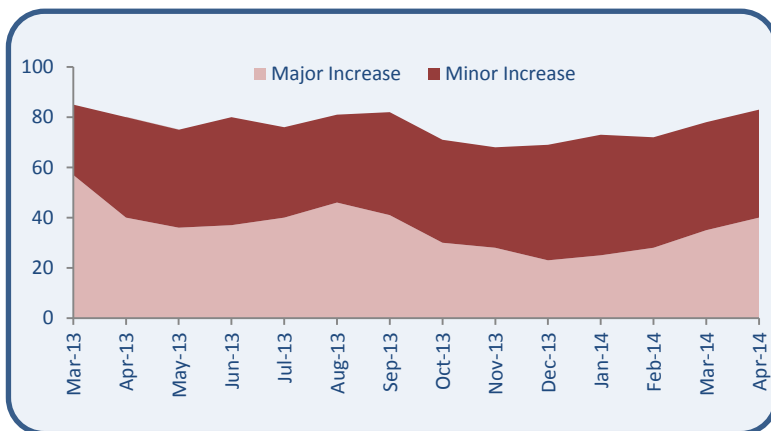
Graph 3: Job Confidence



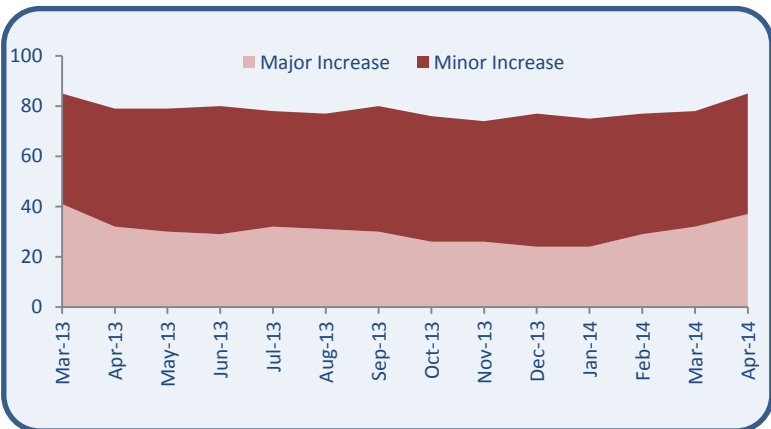
## Detailed Findings of the Consumer Outlook Survey, cont.

- Outside of the employment figures, the largest movers in the COI are related to the inflation index. With the overall index rising 4 points in the past two months, inflation pressures are reappearing for consumers. Particularly:
  - Consumer expectations for the price of gasoline and fuel has climbed over the past two months as real gas prices have climbed approximately \$0.20 (Graph 4).
  - Additionally, consumers report heightened expectations for increases in food prices headed into the spring. Currently 85% of consumers report expected price increases for food, up from 78% last month (Graph 5)
- Looking at current finances, the picture is mostly unchanged from the past few months.
  - Almost half (49%) of consumers claim their personal finances are stable.
  - Likewise, almost half (49%) of consumers say the economy in their local area is stable.
  - Few consumers say either their personal finance (17%) or their local economy is strong (11%).
- Looking forward, consumers do have slightly improved expectations for their personal financial health.
  - This month 34% of consumers say they expect their finances to improve in the next six months, twice the number (17%) who say their finances will weaken in the near future (Graph 6).

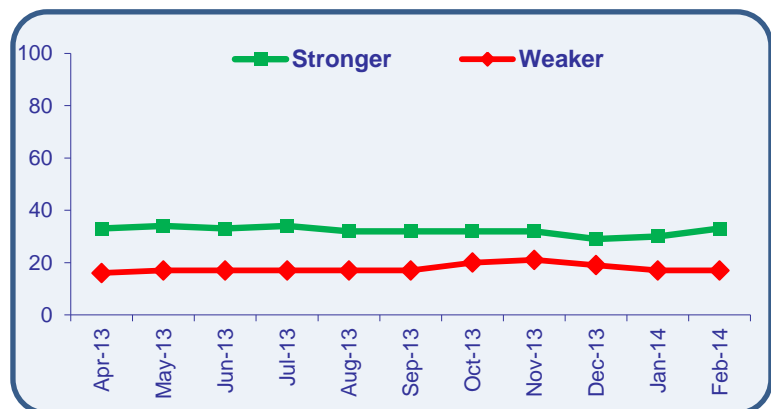
**Graph 4: Changing Gasoline Prices**



**Graph 5: Changing Food Prices**



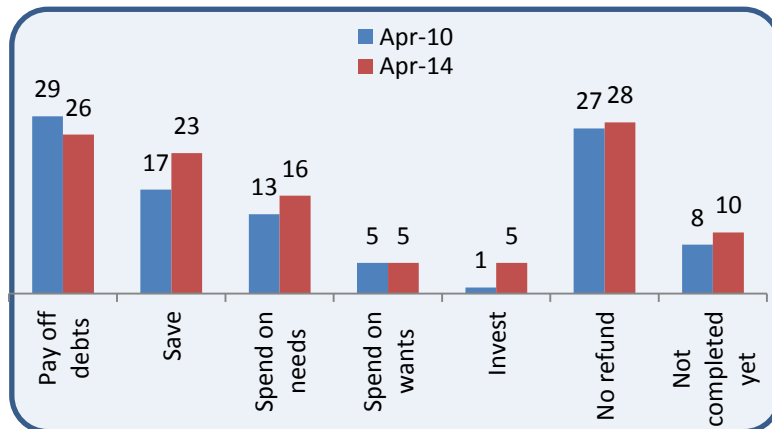
**Graph 6: Expectations for Personal Finances**



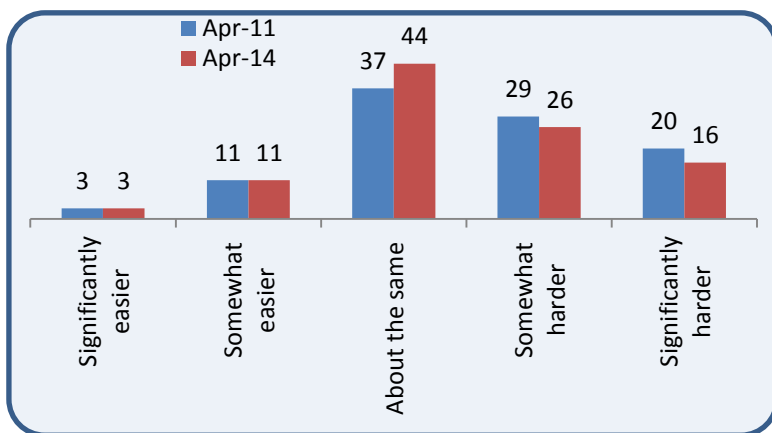
## Detailed Findings of the RBC Custom Questions

- With tax season right around the corner, we asked consumers what they planned to do with their tax refunds (if they were receiving one) (Graph 7).
  - Those receiving refunds are closely divided between saving (23%) and paying off debts (26%).
  - The number saving their refund is significantly increased from when we asked this question in 2010 indicating consumers are slightly more likely to feel like they can afford to save.
- Turning to the ability to find a job in the current economic climate (Graph 8).
  - Only 14% of consumers say it is easier this year to find a job than it was last year.
  - However, the 42% who say that it is harder this year than last year is somewhat lower than the 49% who reported the same in 2011.
  - This indicates that the job market is not getting worse, but for most Americans it does not feel like it is getting much better either.
- With most Americans seeing their homes as their primary investment, American confidence in their ability to sell their house continues to improve (Graph 9).
  - This year 27% of Americans say they are less confident in their ability to sell their house (if they wanted to) than they were last year. This is a 8 point drop from last year and indicates the housing market continues to recover.

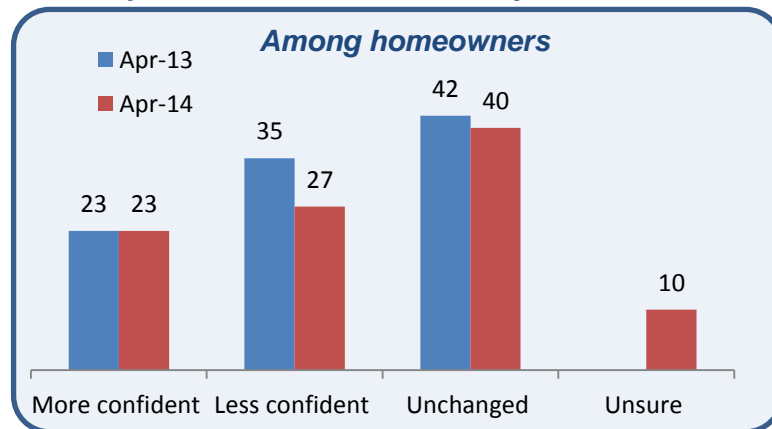
**Graph 7: Tax Refund Spending**



**Graph 8: Ability to find new employment**



**Graph 9: Confidence in Ability to Sell Home**



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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