

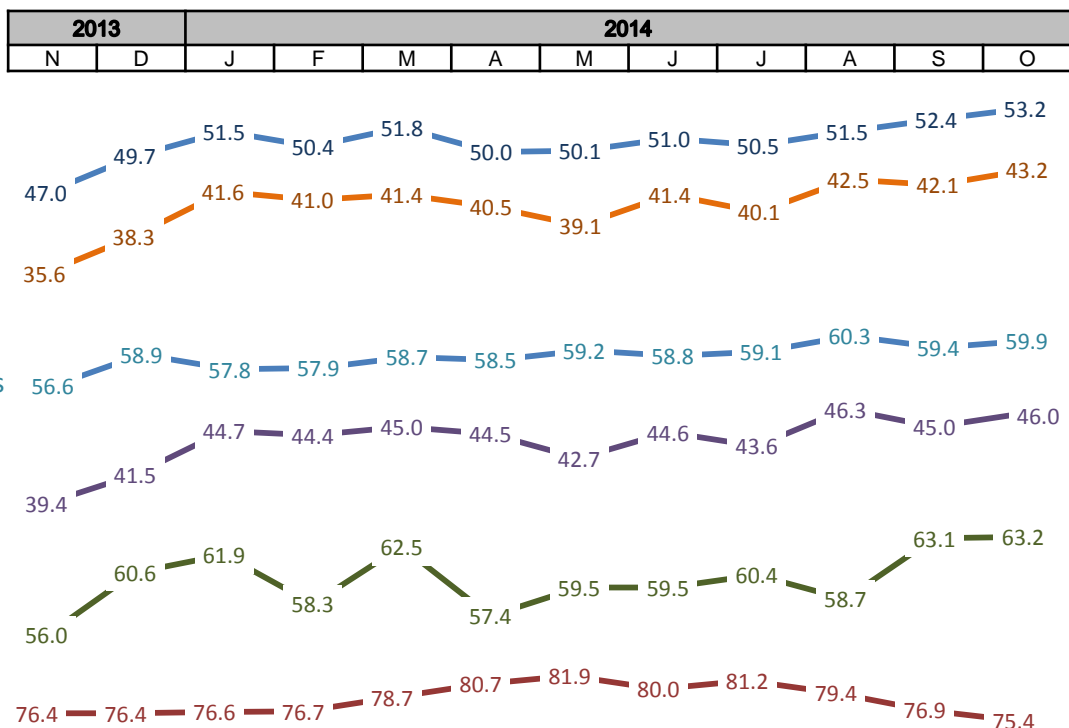
The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

Consumer Confidence Continues Gradually Rally for Second Month

- October's *RBC Consumer Outlook Index* continues its upward movement, up nearly two points since August, however the overall impression of stability in confidence continues. Since January of this year, the overall index score has consistently stayed between 50 and 52 points with this month marking the high point for the year.
- The overall *RBC Consumer Outlook Index* shows overall confidence at 53.2, up nearly 1 point from September.
- The *RBC Jobs Index* remains relatively unchanged with a score of 63.2, with a greater number of respondents stating that they felt confident in their job security presently and for the future.
- The *RBC Investment Index* increased back to nearly August levels of 46.0; up 1.0 point this month from September's score of 45.0.
- The *RBC Current Conditions Index* is displaying the largest increase this month, increasing 1.1 points after a decrease last month.
- The *RBC Expectations Index* is up half a point to 59.9 after September's slight decrease.
- The *RBC Inflation Index* has dropped again this month. The current score of 75.4 is the lowest score this year.

RBC Consumer Outlook Index and Sub-Indices

November 2013 - October 2014



Historical average

49.2

41.4

58.0

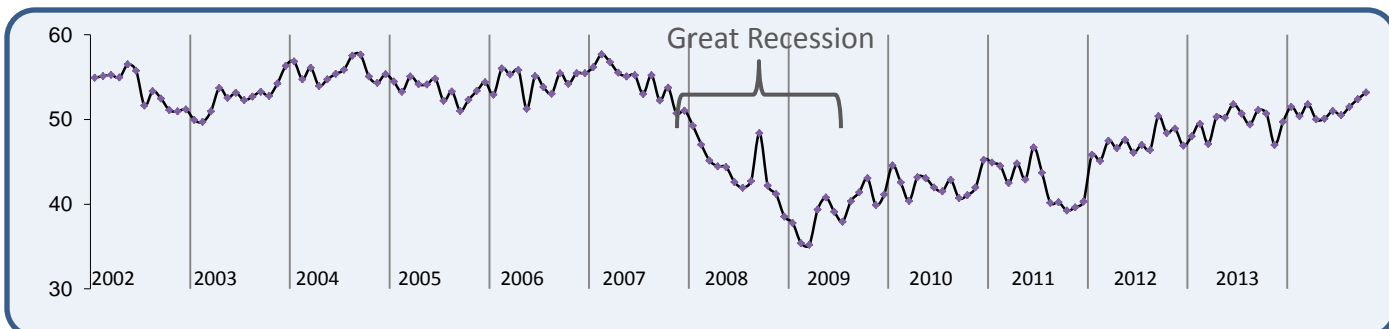
44.8

54.4

76.4

Consumer Outlook Index Trend

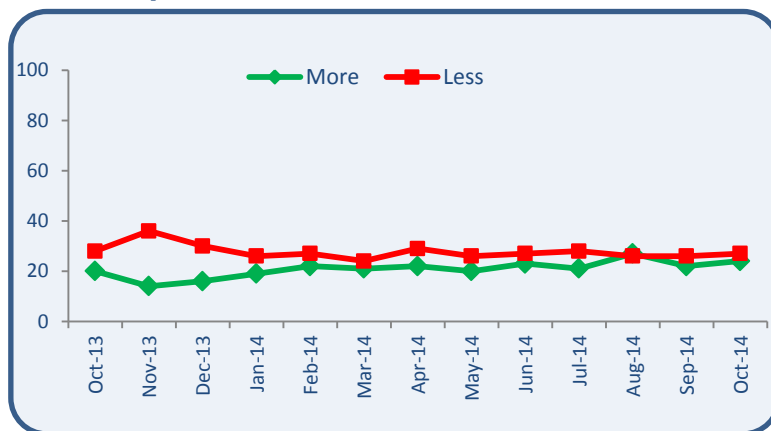
Graph 1: COI 2002-2014



- 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 stalled below the pre-recession average.

Detailed Findings of the Consumer Outlook Survey

Graph 2: Household Purchase Comfort



- Overall, the American economy remains stable with increasing consumer confidence across the board with another dip in the *Inflation Index*.

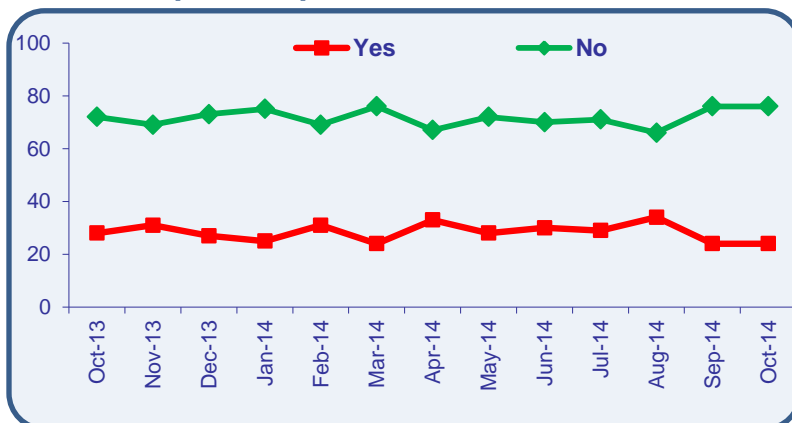
- Spending is a key indicator in confidence in the economy. Over the last year, consumers have become more comfortable with making household purchases (24%) (Graph 2).

- Comfort with purchasing these items has grown steadily since the government shutdown in 2013.

- In addition to an increase in spending, consumers have seen fewer friends and family members lose their job in the last six months (24%) (Graph 3). This extra confidence in employment gives consumers added optimism elsewhere in the economy.

- This is the fewest consumers reporting job loss in their immediate circle in the last seven months and continues the positive movement in this indicator first observed last month.

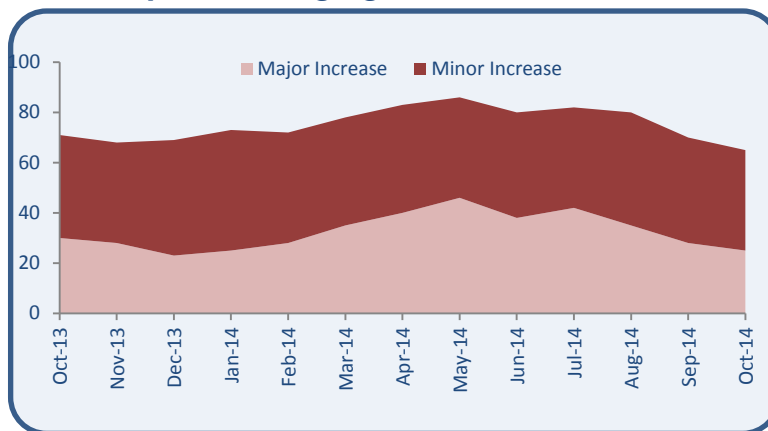
Graph 3: Experience with Job Loss



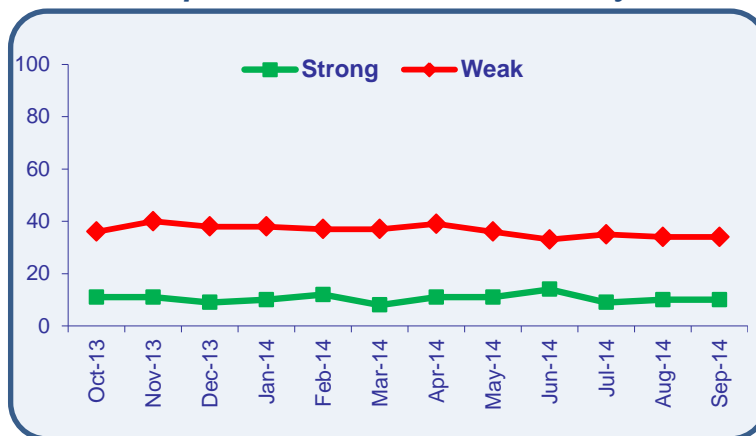
Detailed Findings of the Consumer Outlook Survey, cont.

- These concerns are subsiding. The fewest number of consumers note increases in gasoline and fuel prices since this question has been asked, with just over six in ten consumers reporting increases in these prices.
 - While optimism about the economy in general is up, consumers are still seeing high prices in many key areas, including gasoline and fuel prices. (65%) (Graph 4).
 - Concerns over rising prices are strongest for items like food and groceries, as well as durable goods, like automobiles and major appliances.
- All of these factors lead to consumers having greater faith in their local economies (Graph 5).
 - The number of consumers that rate their economy as strong is the highest since this question has been recorded (16%).
 - Those who think their local area is weak or of medium strength have both held steady for the last several months.
- Faith in their local economies, decreased inflation pressures, a more stable job market, and comfort with purchases all push towards more optimism in the future.
- Over a third of respondents (34%) state that they believe their personal financial situation will be better in the next six months than it is now, up slightly from last month.
 - This change in optimism is also reflected in thoughts about their communities. Just under a quarter of respondents (24%) feel that their local communities will be better off in six months. This is an increase from a few months prior.

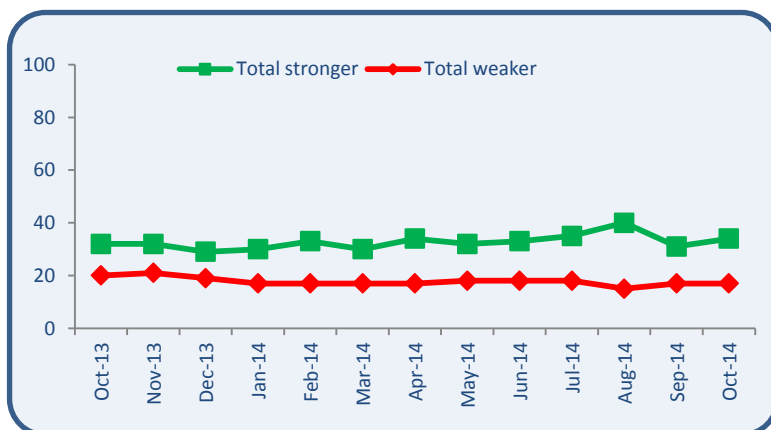
Graph 4: Changing Gas and Fuel Prices



Graph 5: State of Local Economy



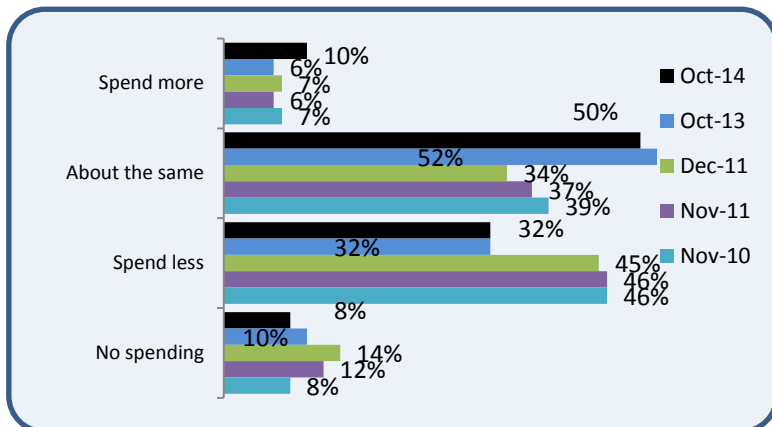
Graph 6: Future Personal Finance Situation



Detailed Findings of the RBC Custom Questions

Graph 7: Holiday Shopping

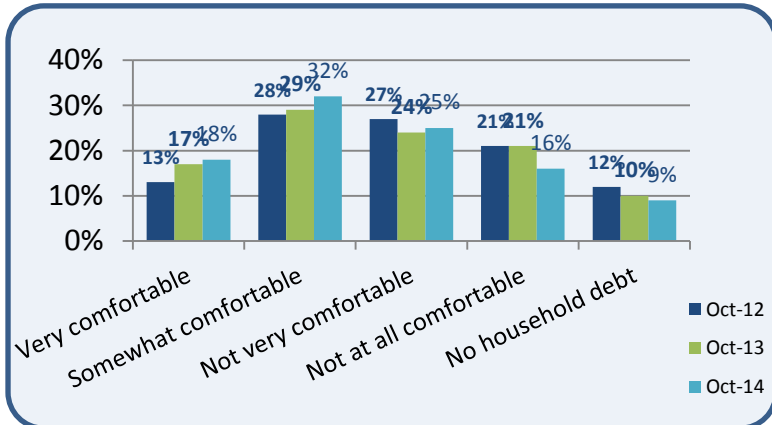
- The sense of stability and optimism seems to be spilling over into shopping plans for the holiday season.
- Compared with this same time last year, more Americans plan on spending more on holiday shopping than they did last year (10% compared with 6%) (Graph 7).



- About one third (32%) of consumers indicate that they plan on spending less this year, holding steady from last year, and a 12% decrease from 2011.
- Additionally, less than one in ten consumers (8%) has indicated that they won't be spending anything on holiday shopping this year.

- Along with being more comfortable about their purchases, consumers are becoming more comfortable with the amount of debt that their household is carrying (Graph 8).

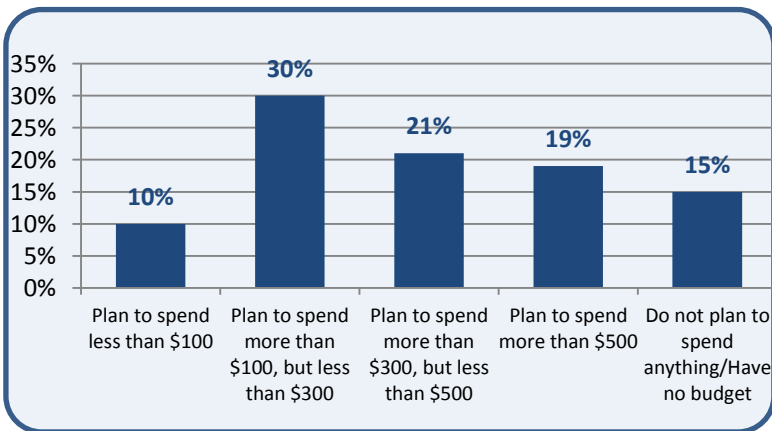
Graph 8: Level of Comfort with Household Debt



- One half (50%) of consumers are comfortable with their level of household. This number has increased nearly 10% since consumers in 2012 were asked about their comfort level with debt.

- Consumers are beginning to put together their budgets for the holiday season (Graph 9).

Graph 9: Holiday Shopping Budgets



- Nearly a third of consumers (30%) plan to spend between \$100 and \$300 on gifts this holiday season.
- Less than one in ten Americans (6%) plan to spend no money on gifts this upcoming season, while nearly one in ten (9%) respondents do not have a set budget yet.

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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