

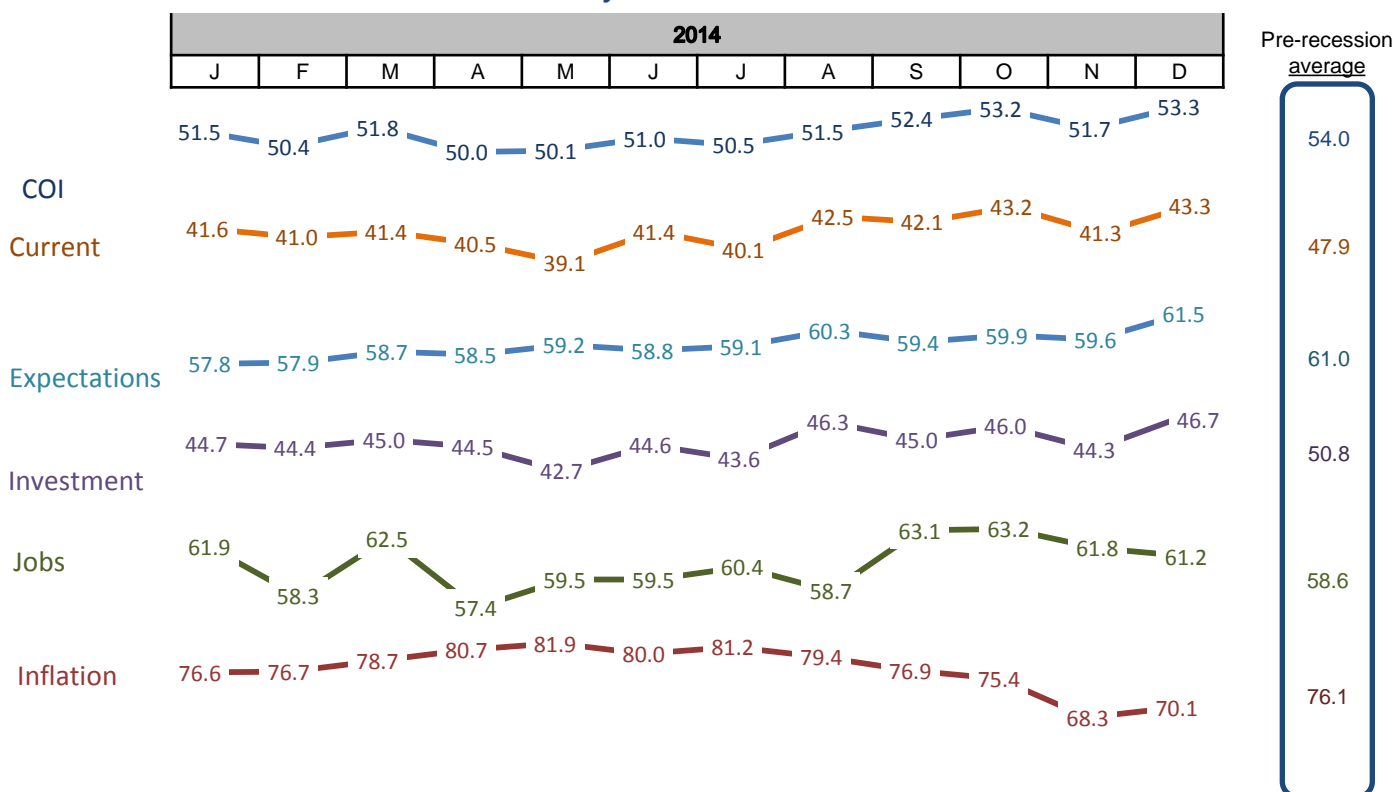
The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

Consumer Confidence Solid Going Into Holiday Season

- December's *RBC Consumer Outlook Index* shifts slightly upward this month, functionally erasing the small loss observed in last month's COI. The rally is broadly indicated across all sub-indices, with the exception of the Jobs Index. The December COI marks the strongest consumer (barely beating October) confidence score observed for all of 2014, ending the year on an up note.
- The overall *RBC Consumer Outlook Index* shows overall confidence at 53.3, up a point and a half from November's score.
 - The *RBC Jobs Index* is the only index to experience a drop, slightly down to a score of 61.2, just over a half point loss from last month. This is the second consecutive month of declines on the Jobs Index.
 - The *RBC Investment Index* is up to its highest point this year, 46.7, jumping nearly two and half points from November's score of 44.3.
 - The *RBC Current Conditions Index* climbs two points from last month's score. This is also the index's highest point this year.
 - The *RBC Expectations Index* displays a two point increase from last month's score, bringing the index to its highest point this year.
 - The *RBC Inflation Index* is up slightly this month, after a sharp decrease last month. Despite this increase, inflation pressures remain relatively low.

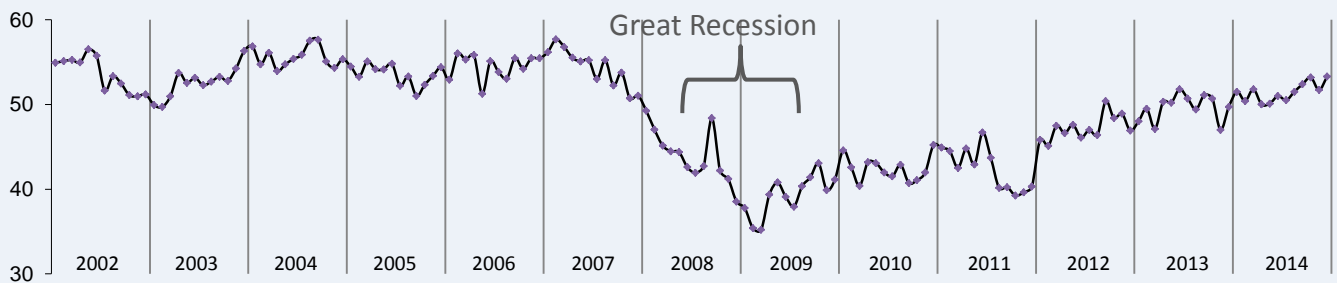
RBC Consumer Outlook Index and Sub-Indices

January 2014-December 2014



Consumer Outlook Index Trend

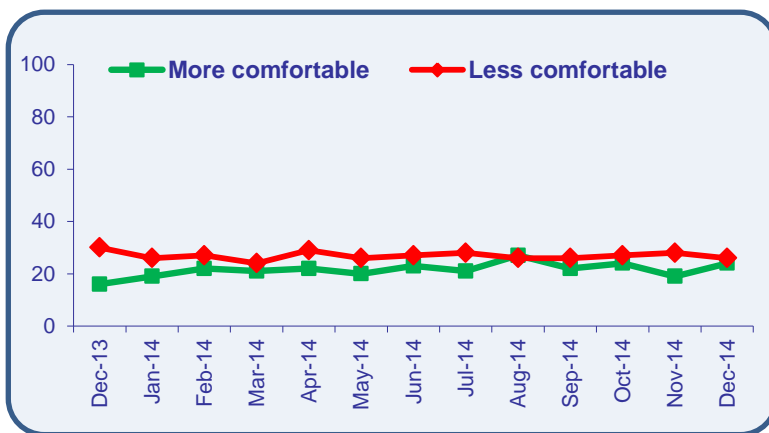
Graph 1: COI 2002-2014



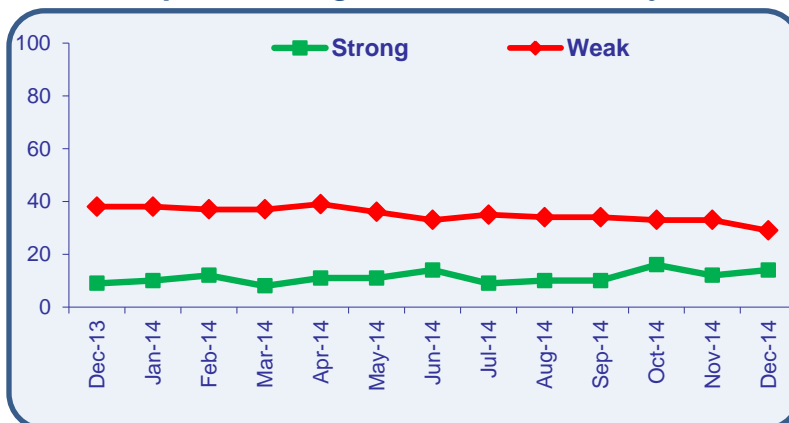
- Graph 1 presents the trend for the Consumer Outlook Index since it began in 2002. The most prominent event is the great recession in 2008-2009. Since then noteworthy periods include the brief crash in confidence observed Q3-Q4 of 2011 (corresponding with the first debt crisis in Washington) and the slow, fitful improvement of confidence over the rest of 2012 to current. Overall consumer confidence remains below the 2002-2007 average, however certain sub-indices have reached pre-recession levels.

Detailed Findings of the Consumer Outlook Survey

Graph 2: Comfort Making Household Purchases



Graph 3: Strength of Local Economy

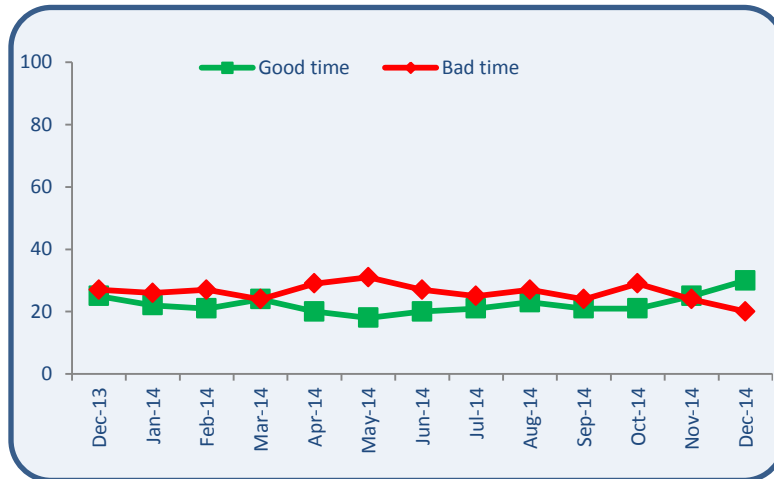


- After last month's lower scores, consumer confidence is on the rise, with a number of indicators posting solid gains.
- With the holiday season nearing, about a quarter (24%) of consumers find themselves more comfortable making household purchases than they were six months ago (Graph 2).
 - The number of those who have not experienced a change in comfort remains at nearly one half (47%).
- In addition to solid comfort with their ability to afford household purchases, consumers report that their local economies and their personal finances are stronger than a year ago (Graph 3).
 - Since last December, there has been a five point uptick amongst consumers who rate their local economies as 'strong'.
 - Additionally, about three in ten (29%) of consumers report that their local economy is "weak". This is a ten point drop on this indicator from this point last year (38%).

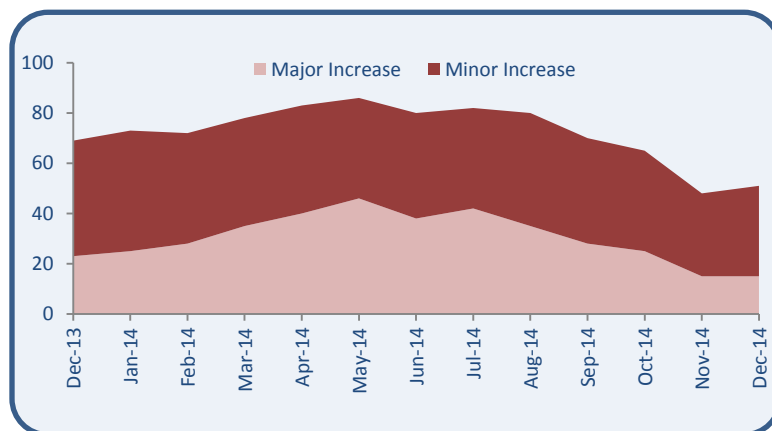
Detailed Findings of the Consumer Outlook Survey, cont.

- As more consumers gain confidence in the current state of the economy, they can look towards the future.
 - The largest number of consumers on record believe that the next 30 days will be a good time to invest in the stock market (Graph 4).
 - Among those that currently own stocks and bonds, nearly half of consumers (49%) believe that the next 30 days will be a good time to invest.
 - This confidence in the stock market indicates that consumers have the ability to invest and have faith that a beneficial return will follow.
- Another factor that might be contributing to the consumers' rising confidence about the future is minimal inflationary pressures. Gasoline and fuel prices continue to decline, with prices decreasing \$0.40 a gallon in the last two months alone (Graph 5).
 - About half of consumers (51%) expect a rise in gasoline and fuel prices over the next year. At this time last year, nearly seven in ten (68%) consumers anticipated rising gasoline prices.
- Overall, these factors contribute to confidence in the current state of the economy and optimism about the future (Graph 6).
- Nearly four and a half years out of the recession and heading into the holiday season, consumers are more optimistic than they have been in a long time.

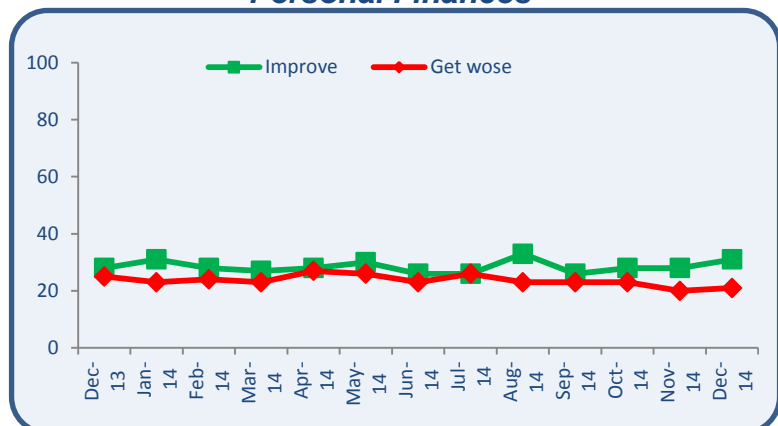
Graph 4: Confidence in the Stock Market



Graph 5: Changing Gas and Fuel Prices



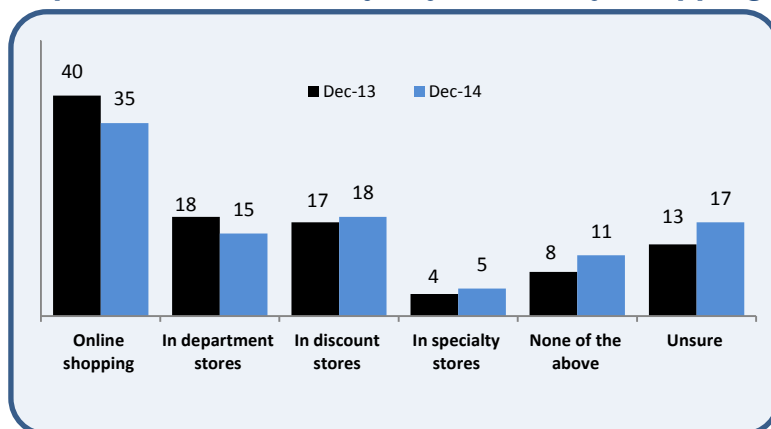
Graph 6: Future State of Economy and Personal Finances



Detailed Findings of the RBC Custom Questions

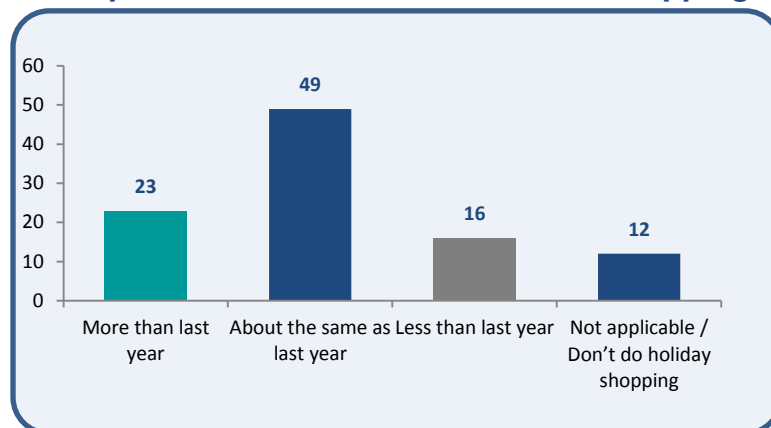
- With the holiday season fast approaching, consumers are forming holiday shopping plans (if they have any).
- When compared with December 2013, consumer shopping behavior is mostly the same (Graph 7).

Graph 7: Location of Majority of Holiday Shopping

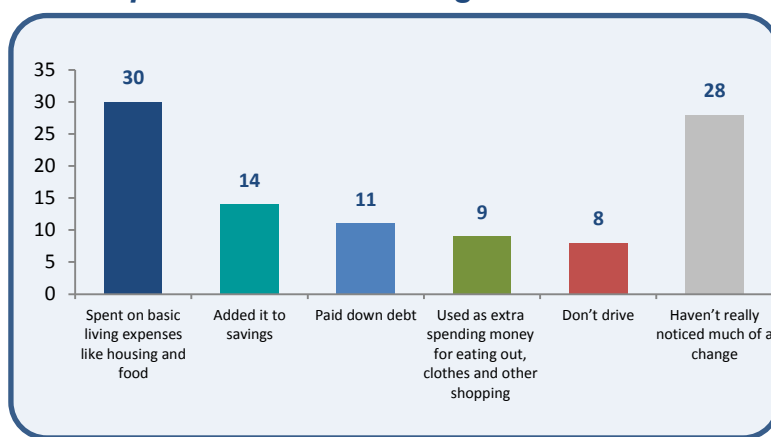


- Notable changes from last year include fewer consumers reporting plans to get most of their gifts by shopping online, compared to last year. Consumers ages 18-34 are more likely to do the majority of their shopping online (38%).
- More consumers this year are noncommittal (11% none of the above and 17% unsure) than last year.
- Nearly three quarters of consumers (72%) plan to spend the same amount or more shopping online this season (Graph 8).
- Nearly four in ten consumers (39%) plan to do at least half of their shopping online this year, with 15% stating that they will do no shopping online this year.
- Consumers are taking advantage of the lower gasoline and fuel prices in a variety of ways (Graph 9).

Graph 8: Relative Amount of Online Shopping



Graph 9: Affects of Falling Gasoline Prices



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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