



RBC Consumer Outlook Index Findings

May 2011



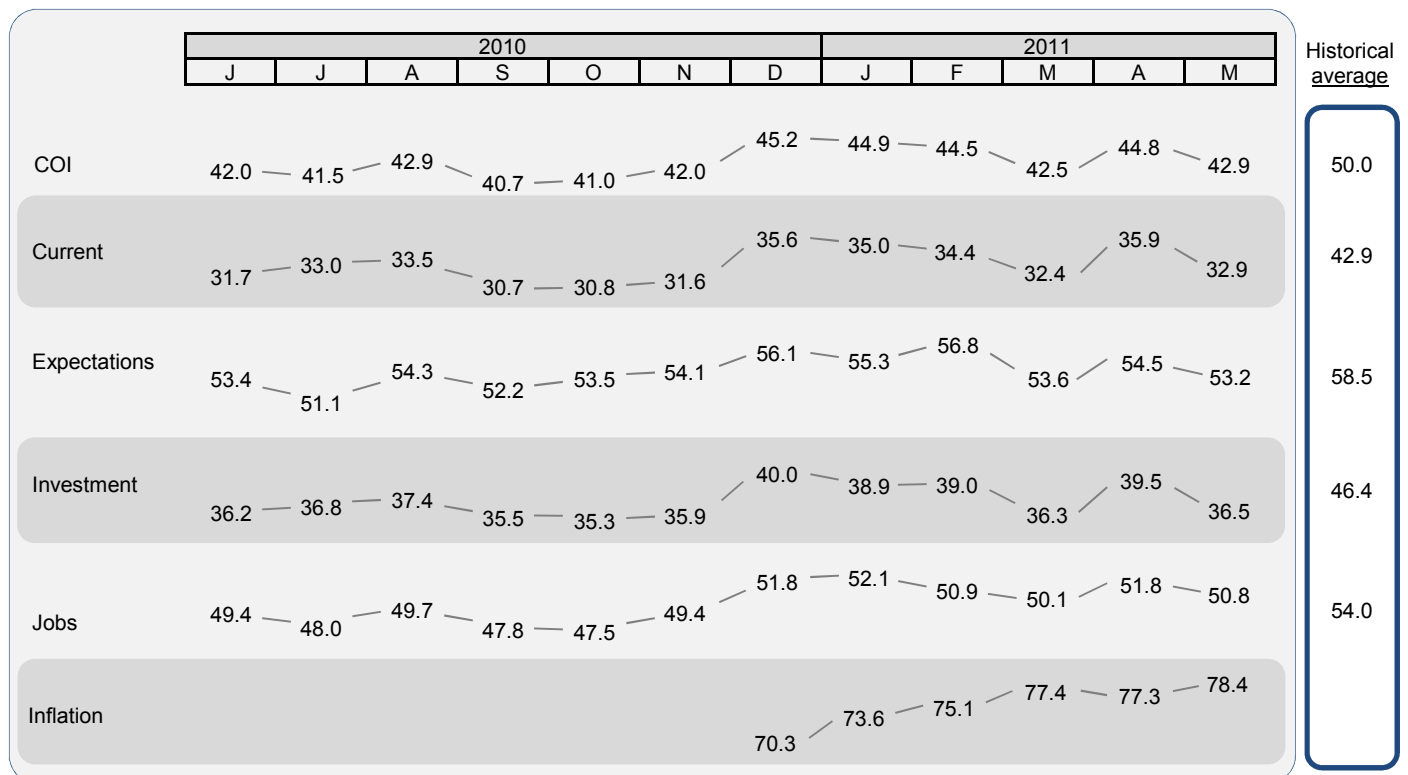
The survey is conducted online via Ipsos' national I-Say Consumer Panel with 1,000 Americans. Data is weighted to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data. The *COI*, *Current*, *Expectations*, *Investment* and *Jobs*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

Consumer Confidence Stalls in May

- The fieldwork for the May RBC Consumer Outlook Survey was completed before the President's announcement about Osama bin Laden. The potential impact of that announcement will not appear in this data set.
- The rally observed last month was short lived as fuel and food prices continue to exert negative pressures on already over-stressed consumers.
- The overall *RBC Consumer Outlook Index* declined to 42.9 for May 2011, down 1.9 points from April's 44.8.
- The *RBC Current Conditions Index* declined 3.0 points to 32.9.
- The *RBC Expectation Index* declined slightly. The Index currently stands at 53.2, down 1.3 points from last month. This marks a low point for expectations in 2011.
- The *RBC Investment Index* also declined significantly. Investment lost the ground gained last month plus some to stand at 36.5.
- Employment security worsened slightly in May. The *RBC Jobs Index* now stands at 50.8, down 1.0 point from April's mark of 51.8. However, overall employment confidence remains stronger than observed throughout 2010.
- Finally, the *RBC Inflation Index* indicates pricing pressure continues to mount for consumers. The inflation index stands at 78.4, up 1.1 points from last month and marking a new high for the (brief) index.

RBC Consumer Outlook Index and Sub-Indices

June 2010 – May 2011



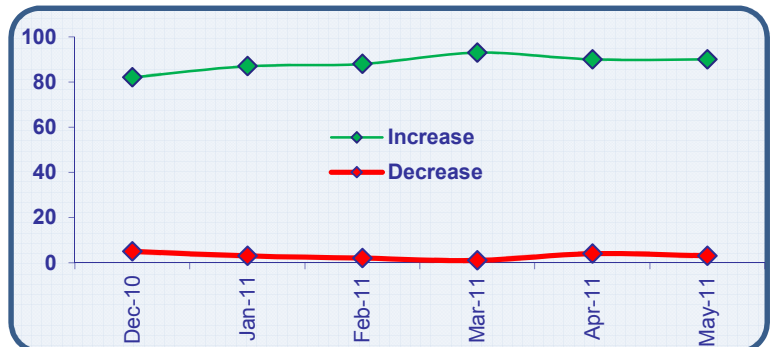
Detailed Findings of the Consumer Outlook Survey

- The weak economy has American consumers increasingly pessimistic about the direction of the country. In the May RBC Consumer Outlook Survey, 70% of consumers say that the country is off on the wrong track. This is the largest “wrong track” number observed since 2009 (Graph 1).
- One of the chief forces depressing consumer confidence is the high price of fuel and groceries. Over the last three months, over 90% of consumers say that they expect fuel prices to increase (Graph 2).
- Indicative of the pressure that increased fuel prices are having on consumers, 37% report that they are less comfortable with their ability to afford household items versus six months ago. Only 14% report that they are more comfortable. This is the lowest number of respondents reporting comfort in over a year (Graph 3).
- However, overall conditions do not seem to be significantly different. Currently, 51% report that they believe the economy in their local area is weak, up slightly from 49% last month.
- Likewise, 43% report their personal finances to be weak, also little changed from last month's 41%.
- As a counterpoint to consumers' financial pains, employment security appears to be holding relatively steady.
 - Actual experience with job losses continues to decline. In May, only 42% of respondents reported that someone in their immediate circle has lost a job in the last six months (Graph 4).
 - Only 28% say that someone in their immediate circle is currently worried about losing a job. This is the lowest rate in over a year.

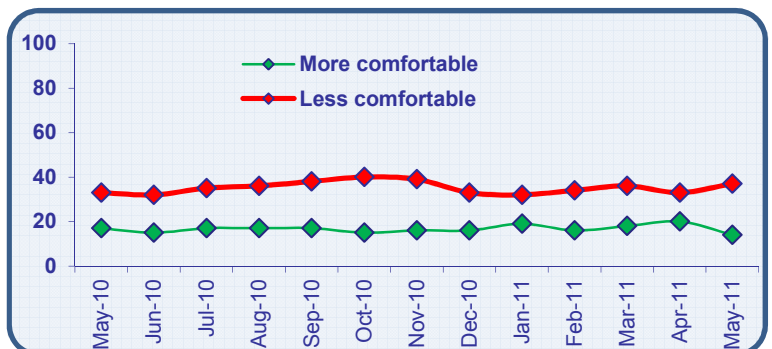
Graph 1: Direction of the Country



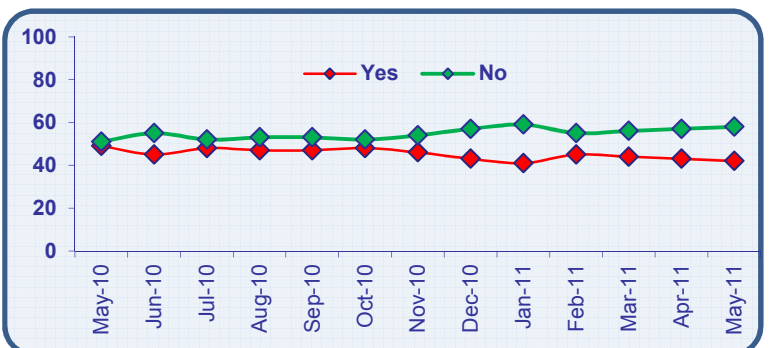
Graph 2: Expectations for Gas Prices



Graph 3: Purchase Comfort (Household Items)



Graph 4: Experienced Job Loss





RBC Consumer Outlook Index Findings

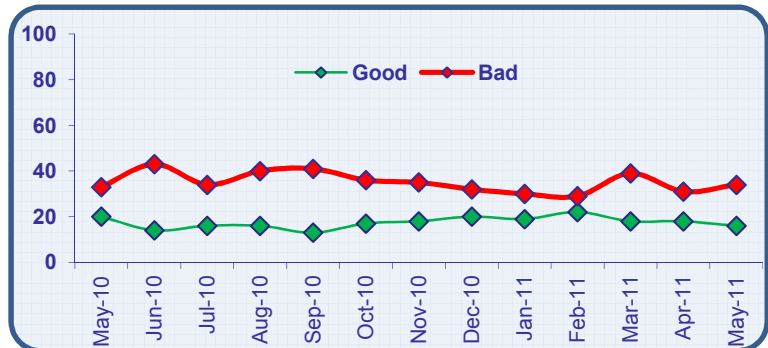
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Detailed Findings of the Consumer Outlook Survey, cont.

- The financial pressure on consumers extends to their confidence in the markets.
 - Despite the stock market's generally positive performance over the last few months, large numbers of consumers continue to believe that it is a bad time (34%) to get into the market or are unsure (50%).
 - The number who say it is a good time to be in the market (16%) is the lowest level observed since September 2010 (Graph 5).

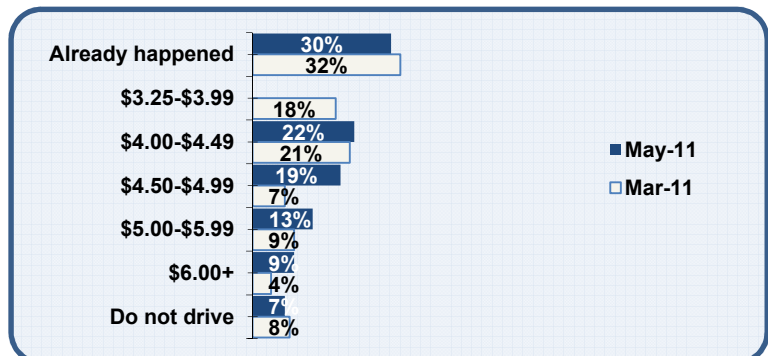
Graph 5: Investing in the Market



Detailed Findings of the RBC Custom Questions

- This survey asked consumers what price of gasoline would cause them to have to significantly cut back on their expenses. Consumers responses indicated some level of elasticity with gas prices.
 - In March, 32% reported that they had already cut back and an additional 18% said that they would cut back if gas prices rose to \$4.00.
 - Now, with gas prices near \$3.90 a gallon, a similar number – 30% -- report that they have already cut back and the rest of the respondents have shifted to say that prices \$4.00 and above would cause them to cut back. (Graph 6).
- When asked what factors would negatively impact summer vacation plans, almost half of consumers say gas prices will cause them to reduce their travel plans.
 - Ticket costs and unemployment are also significant contributors to diminished vacation plans (Graph 7).

Graph 6: Gas Price that would cause cutbacks



Graph 7: Negative Impacts on Vacation Plans

