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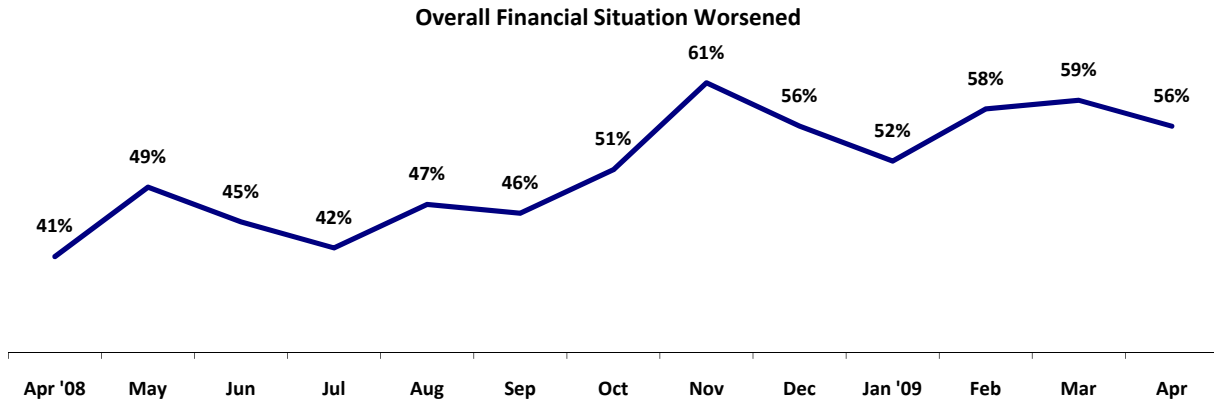
## CONSUMERS MORE TEMPTED TO SPEND

April 13, 2009

Some cracks are appearing in consumer resolve to resist spending.

### FINANCIAL SITUATION

A majority (56%) of Americans feel their financial situation is worse in April 2009 than it was a year ago. This is three percentage points fewer than last month, but still squarely in the middle of the range observed during the past six months (between 52% and 61%).



### JOB SECURITY

Nearly six in ten consumers (59%) feel threatened by a possible layoff or loss of earnings. This is slightly fewer than in February and March. Currently, 45% of households report having lost work or earnings during the past year, compared to 18% having regained work or earnings. This gap has widened continuously since last summer.

	2008-09													Change <i>Mar/Apr</i>
	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	
HOUSEHOLDS REPORTING:														
Chance of layoff or loss of earnings in coming months	45%	44%	46%	41%	50%	45%	54%	46%	56%	59%	62%	61%	<b>59%</b>	-2
Had layoff or loss of earnings in past year	28	34	30	26	27	33	33	32	41	38	43	42	<b>45</b>	+3
Regained job or earnings in past year	27	26	30	28	27	27	25	24	26	22	19	16	<b>18</b>	+2

## INCOME

More consumers report that their income decreased during the past year, 44%, compared to 40% last month and 27% a year ago.

YEAR-TO-YEAR INCOME	2008-09												Change Mar/Apr	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		Apr
Increased	41%	43%	41%	44%	40%	38%	34%	39%	35%	33%	30%	27%	<b>27%</b>	0
Same	32	29	33	32	31	31	31	30	33	33	30	33	<b>29</b>	-4
Decreased	27	28	26	24	29	31	35	31	32	34	40	40	<b>44</b>	+4

## SAVINGS AND CREDIT

Slightly more consumers are able to save some of the money coming in during the past month in April (35%) than in March (33%).

A new measure in April shows more credit cardholders reducing their credit card debt during the past month (25%) than increasing it (20%).

## SPENDING

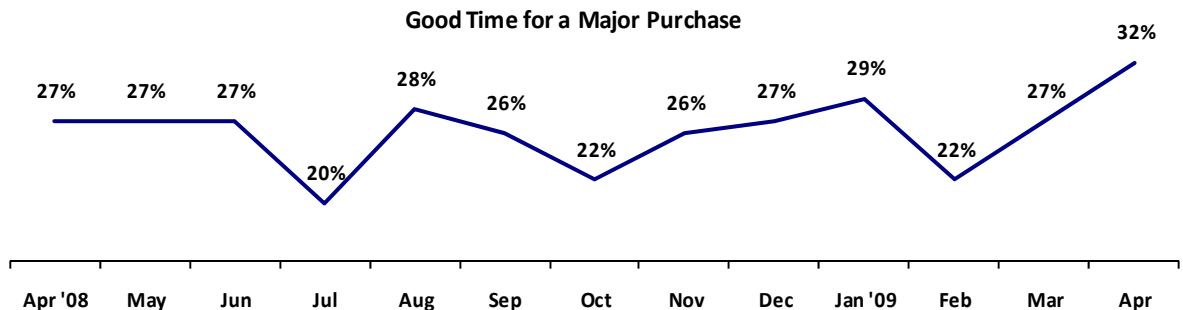
### Consumables

Restraints on day-to-day spending, which started to ease in March, continue to ease in April. However, consumers continue to spend less freely than they did a year ago for food, apparel, and medical care. Six in ten consumers are cutting back on gasoline, down from seven in ten a year ago (when gas prices were much higher).

### Major Purchases

More consumers feel now is a good time to make a major purchase than in any of the previous 12 months. However, relatively few consumers are taking advantage of current buying opportunities. There is an uptick in active shopping for **televisions** and **furniture**, but buying plans remain sharply lower than a year ago for **new cars**, **air travel**, and **hotel / motel stays**.

From March to April, shopping activity picks up for **houses**, but remains somewhat lower than a year ago. More consumers expect housing prices to decline (38%) than rise (25%) over the next six months, suggesting that consumers will take their time choosing a home. A countervailing influence is that more consumers expect interest rates to rise (34%) than fall (15%) in the next six months.



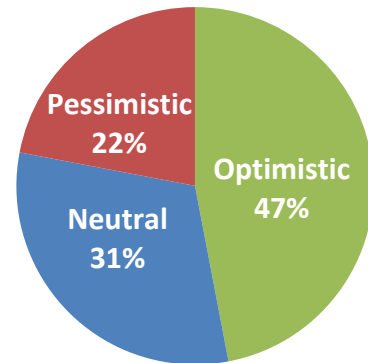
## PRICES

Consumer perception of inflation remains low. Just half of consumers think prices rose in the past month, compared to two-thirds or more during most of 2008.

## HOPE

Consumers become more optimistic that their finances will be in better shape a year from now, up four points to 47%, while pessimists decline by an equal amount to 22%.

However, nearly three-fourths of consumers still believe that the current economic crisis will continue two years or longer.



## THE NATION

The economic recovery has turned a corner, at least in the minds of consumers. In April, more consumers say the economy is improving (47%) than say it is getting worse (38%). This is a reversal from March (38% improving, 46% getting worse).

Nearly six in ten consumers (59%) are pleased with the job President Obama is doing. This figure edges upward one percentage point for the second consecutive month.

## COMMENT

Although consumers are feeling better about the direction in which the economy is headed, they still feel vulnerable to layoffs and loss of income. Facing risks, they are holding back on spending and adding to savings or paying down credit cards when they can.

Yet, more consumers are opening their wallets for small purchases and watching with interest as retailers sweeten their offers.

Since February 2009, U.S. consumers are surveyed at a rate of 1000 per month, of which nearly half are interviewed by telephone and the rest online. Previously, consumers were interviewed by telephone only, at a rate of 450 per month.

SHOPPING FOR DAY-TO-DAY AND MAJOR PURCHASES

	2008	2009	2009	Change	
				<u>Month-</u> <u>To-Month</u>	<u>Year-</u> <u>To-Year</u>
<u>SPENDING FREELY FOR:</u> <i>(Not cutting back on)</i>	<u>Apr</u>	<u>Mar</u>	<u>Apr</u>		
Maintaining Standard of Living	47%	38%	<b>41%</b>	<b>+3</b>	-6
Clothing	35	29	<b>31</b>	<b>+2</b>	-4
Food	42	37	<b>34</b>	<b>-3</b>	-8
Driving (Gasoline)	31	39	<b>40</b>	<b>+1</b>	+9
Medical Care	72	65	<b>64</b>	<b>-1</b>	-8
<u>PLANNING PURCHASE IN 12 MONTHS</u> <u>AND ACTIVELY SHOPPING FOR:</u>					
NEW CARS...					
Planning	14	7	<b>9</b>	<b>+2</b>	-5
Shopping	8	4	<b>4</b>	<b>0</b>	-4
USED CARS...					
Planning	18	18	<b>19</b>	<b>+1</b>	+1
Shopping	9	9	<b>8</b>	<b>-1</b>	-1
HOUSE...					
Planning	12	7	<b>11</b>	<b>+4</b>	-1
Shopping	8	5	<b>7</b>	<b>+2</b>	-1
FURNITURE...					
Planning	21	17	<b>18</b>	<b>+1</b>	-3
Shopping	7	8	<b>9</b>	<b>+1</b>	+2
MAJOR APPLIANCE...					
Planning	11	13	<b>13</b>	<b>0</b>	+2
Shopping	4	6	<b>6</b>	<b>0</b>	+2
CARPETING...					
Planning	8	7	<b>6</b>	<b>-1</b>	-2
Shopping	2	2	<b>2</b>	<b>0</b>	0
TELEVISION...					
Planning	19	17	<b>18</b>	<b>+1</b>	-1
Shopping	8	9	<b>10</b>	<b>+1</b>	+2
PERSONAL COMPUTERS...					
Planning	11	12	<b>15</b>	<b>+3</b>	+4
Shopping	5	7	<b>7</b>	<b>0</b>	+2
AIR TRAVEL...					
Planning	35	28	<b>29</b>	<b>+1</b>	-6
Shopping	17	15	<b>17</b>	<b>+2</b>	0
MOTEL/HOTEL...					
Planning	48	41	<b>42</b>	<b>+1</b>	-6
Shopping	20	18	<b>17</b>	<b>-1</b>	-3