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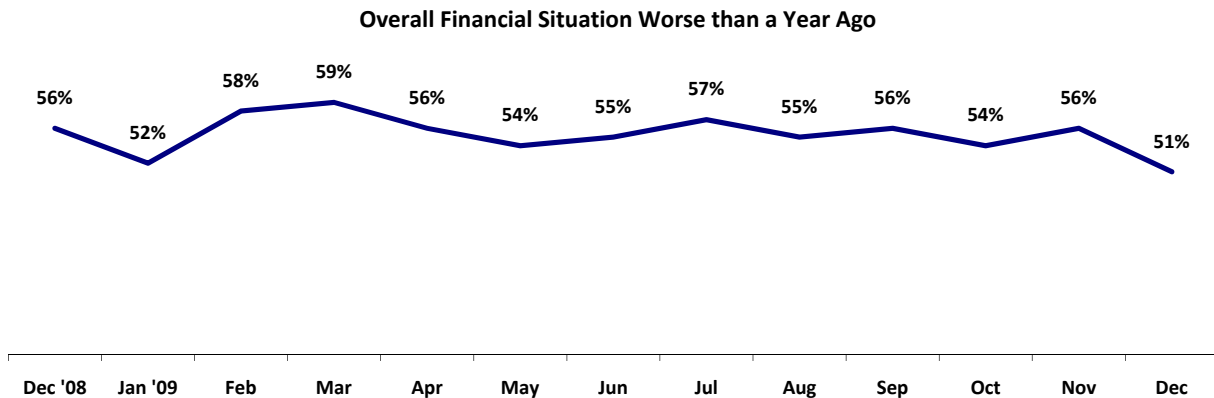
Consumers See Light Ahead

December 11, 2009

More consumers anticipate improvement in their household finances in 2010, which spurs them to plan some major purchases.

FINANCIAL SITUATION

Half (51%) of Americans saw their financial situation worsen during the past year (compared to 18% who saw improvement). These figures have improved compared to what we have seen all year.



JOB SECURITY

As has been the case all year, six of ten consumers feel vulnerable to a layoff or loss of wages in the coming months. Nearly half (47%) say their household experienced a layoff or loss of wages in the past year.

	2008-09												<i>Change Nov/Dec</i>	
	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<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>
HOUSEHOLDS REPORTING:														
Chance of layoff or loss of earnings in coming months	56%	59%	62%	61%	59%	61%	62%	61%	59%	61%	61%	58%	59%	+1
Had layoff or loss of earnings in past year	41	38	43	42	45	44	45	47	44	49	44	48	47	-1
Regained job or earnings in past year	26	22	19	16	18	17	20	19	18	17	17	17	17	0

INCOME

Households whose income decreased during the past year (43%) continue to outnumber those whose income increased (24%), with one-third (33%) reporting steady income. These figures improve somewhat from last month, but remain in the range observed during the latter half of this year.

YEAR-TO-YEAR INCOME	2008-09												Change Nov/Dec	
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		Dec
Increased	35%	33%	30%	27%	27%	27%	26%	24%	23%	24%	23%	20%	24%	+4
Same	33	33	30	33	29	32	31	32	37	31	37	35	33	-2
Decreased	32	34	40	40	44	41	43	44	40	45	40	45	43	-2

SAVINGS AND CREDIT

Consumers who saved a portion of their past-month income rose 6 points to 36% in December, the highest level since June.

Consumers whose credit card balances increased in the past month (22%) surpassed those whose balances decreased (17%). These groups were evenly balanced at 21% in November.

SPENDING

Consumables

Fewer consumers are cutting back this month than last month on such items as **food, clothing, gasoline** and **medical expenses**. The percent cutting back their overall standard of living (41%) is equal to last December, but more consumers today are cutting back on **clothing** and **medical**.

Nearly two-thirds (65%) of consumers continue to affirm their intention to cut back on **Christmas** spending this year, with only 8% expecting to spend more than last year. This year's Christmas shopping plans are comparable to last year's.

Major Purchases

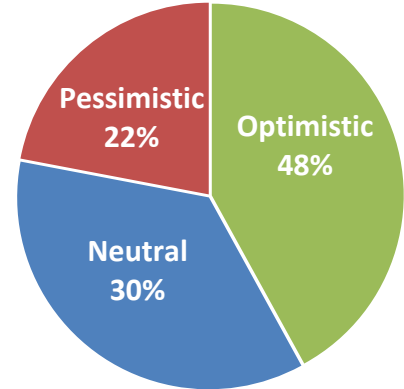
This month shows increased shopping for **televisions** and increased buying plans for other household items, especially **furniture** and **major appliances**. Plans to buy **televisions** and **furniture**, however, continue to lag behind last year. Also well behind last year are plans to buy **automobiles, houses, air travel** and **hotel/motel lodging**.

PRICES

Consumer perception of inflation is low this month with fewer than half (45%) noticing prices rising. At the same time, nearly three in ten (29%) feel prices decreased during the past month. This is the lowest awareness of inflation since May.

HOPE

Consumers who are optimistic that their household finances will improve in the coming year surge 6 points to 48% this month. Twice as many are optimistic (48%) as pessimistic (22%) for the first time since May.



THE NATION

For the third consecutive month, more consumers believe the economy is currently worsening (45%) than improving (40%). Just over half (53%) believe the current economic crisis will last another three years or longer.

Fewer than half (44%) of Americans are pleased with the job President Obama is doing, down 3 points from last month and down a total of 18 points since June. Although the economy continues to be the main national problem on consumers' minds (72% mention it spontaneously), international conflict (26%) leaps past health care reform (23%) into second place. This is the highest level of concern about international conflict in more than a year.

COMMENT

Although consumers are not seeing improvement in their personal finances yet, they are more confident that their situation will improve. Despite their determination to rein in Christmas spending, they are loosening restraints on day-to-day spending, and more are making plans to buy major goods for the home. Focusing on their current home, consumers are deferring purchases of new homes, autos and travel. Increasingly, they are setting money aside for future purchases.

Besides offering attractive prices and promotions to boost short-term sales, retailers and consumer product companies should be inspiring and shaping consumers' dreams of future purchases. Businesses that help consumers to be more comfortable in their homes this winter are first in line to benefit from consumers seeing light at the end of the tunnel.

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>Dec</u>	<u>Nov</u>	<u>Dec</u>	<u>Month-</u>	<u>Year-</u>
				<u>To-Month</u>	<u>To-Year</u>
<u>SPENDING FREELY FOR:</u>					
<i>(Not cutting back on)</i>					
Maintaining Standard of Living	41%	38%	41%	+3	0
Clothing	34	26	30	+4	-4
Food	36	33	35	+2	-1
Driving (Gasoline)	38	39	41	+2	+3
Medical Care	70	61	64	+3	-6
<u>PLANNING PURCHASE IN 12 MONTHS</u>					
<u>AND ACTIVELY SHOPPING FOR:</u>					
NEW CAR...					
Planning	11	7	7	0	-4
Shopping	5	4	5	+1	0
USED CAR...					
Planning	19	19	17	-2	-2
Shopping	7	8	8	0	+1
HOUSE...					
Planning	14	8	9	+1	-5
Shopping	8	5	6	+1	-2
FURNITURE...					
Planning	24	18	21	+3	-3
Shopping	12	10	11	+1	-1
MAJOR APPLIANCE...					
Planning	16	15	17	+2	+1
Shopping	9	7	8	+1	-1
CARPETING...					
Planning	8	8	9	+1	+1
Shopping	5	2	2	0	-3
TELEVISION...					
Planning	21	17	18	+1	-3
Shopping	11	8	11	+3	0
PERSONAL COMPUTER...					
Planning	16	17	17	0	+1
Shopping	10	8	9	+1	-1
AIR TRAVEL...					
Planning	35	29	30	+1	-5
Shopping	19	14	14	0	-5
MOTEL/HOTEL...					
Planning	48	43	43	0	-5
Shopping	17	16	17	+1	0