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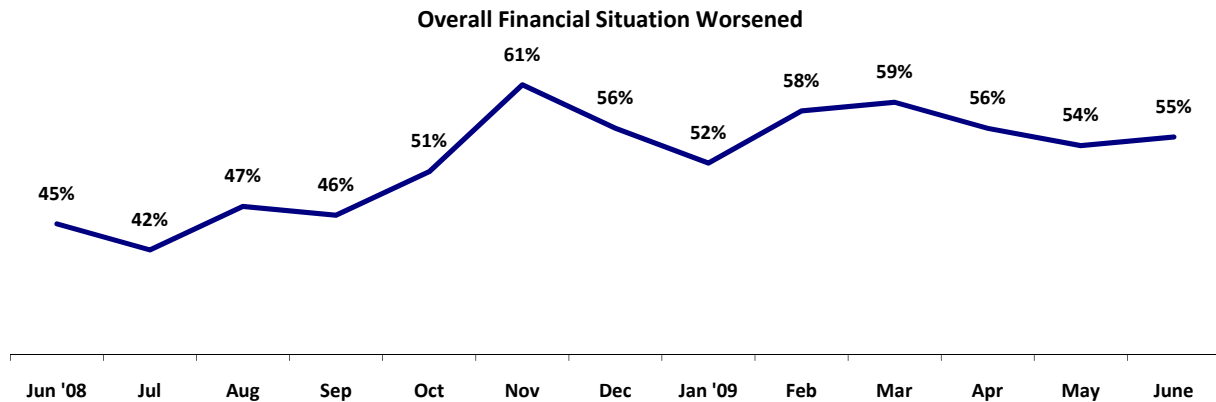
CONSUMERS SHIFT GEARS

June 11, 2009

An emerging fear of inflation begins to shift consumer shopping behavior.

FINANCIAL SITUATION

The percent of Americans who feel their financial situation is worse now than a year ago levels off at 55% over the past three months. This figure is ten points higher than one year ago, but lower than February and March of this year.



JOB SECURITY

The threat of layoff or loss of wages continues to hang over six in ten U.S. households (62%), as it has since January. Americans already hit in the past year by a loss of work or earnings remain at the high water mark of 44-45%. On the bright side, 20% say a household member has regained a job or wages in the past year, the most since January.

	2008-09												<i>Change May/June</i>	
	<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>	<u>May</u>		<u>Jun</u>
HOUSEHOLDS REPORTING:														
Chance of layoff or loss of earnings in coming months	46%	41%	50%	45%	54%	46%	56%	59%	62%	61%	59%	61%	62%	+1
Had layoff or loss of earnings in past year	30	26	27	33	33	32	41	38	43	42	45	44	45	+1
Regained job or earnings in past year	30	28	27	27	25	24	26	22	19	16	18	17	20	+3

INCOME

Although some households are regaining lost earnings, there is no decline yet in households reporting that their income is lower than a year ago (43%) and no increase in households reporting higher income (26%).

YEAR-TO-YEAR INCOME	2008-09												Change May/Jun	
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May		Jun
Increased	41%	44%	40%	38%	34%	39%	35%	33%	30%	27%	27%	27%	26%	-1
Same	33	32	31	31	31	30	33	33	30	33	29	32	31	-1
Decreased	26	24	29	31	35	31	32	34	40	40	44	41	43	+2

SAVINGS AND CREDIT

Consumers able to save a portion of their income during the past month remain steady at 36% (equal to May, up one point from April).

For the second consecutive month, there is an even balance between consumers who reduced their credit card balance in the past month and consumers who increased it (22% vs. 21%). For the coming month, one in three consumers (33%) expect to lower their credit card balances, while one in six (16%) expect their credit card debt to rise.

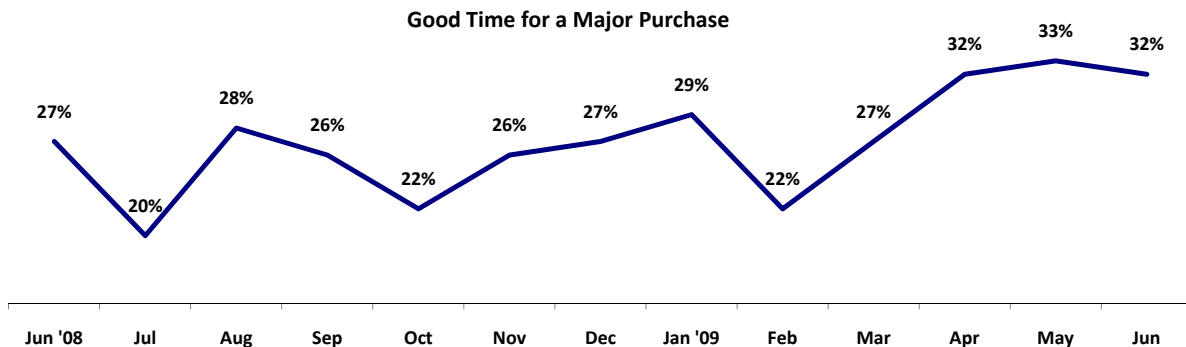
SPENDING

Consumables

Restraints on day-to-day spending continue to tighten gradually month by month, with more consumers cutting back on their overall standard of living and, specifically, on clothing, gasoline, and medical care. Spending for food, however, rebounds slightly this month.

Major Purchases

The percent of consumers feeling now is a good time to make a major purchase rose sharply in March and April but has leveled off since then. Purchase plans for the home - such as **appliances**, **furniture**, and **carpeting** - hold relatively steady versus last month and last year. There is an uptick in **travel** purchase plans (e.g., air travel, hotel/motel) but a small decline in plans to purchase a **television** or **computer** compared to last month.



The strong recent trend of car buyers switching from **new cars** to **used cars** begins to swing back in the other direction in June; however, consumers shopping for used cars still outnumber those shopping for new cars.

HOUSING MARKET

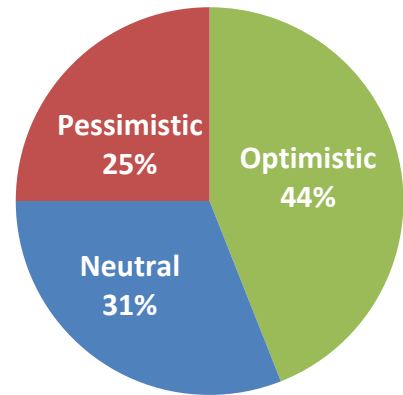
Shopping for a house remains down from a year ago. Homeowners who believe the value of their home fell over the past three months are three times as many as those who believe its value rose (27% vs. 9%). Looking ahead, consumers have mixed opinions as to whether home values will increase (30%), decrease (32%), or hold steady (38%) in the next six months.

PRICES

Consumers who perceive that prices have increased in the past month jump from 45% in May to 56% in June, the highest level seen since October 2008. This may or may not signal an actual rise in inflation, but certainly signals a shift in consumer perception.

HOPE

Consumers optimistic that their finances will be in better shape a year from now drop five points this month (49% to 44%). Pessimists increase by a lesser amount (23% to 25%).



THE NATION

More consumers feel the economy is improving (46%) than worsening (41%), virtually the same figures as last month. However, consumers who believe the current financial crisis will end within the next year slips from 27% in May to 23% in June.

Americans pleased with the job President Obama is doing continue to grow, reaching 62% this month, up from 57% in February shortly after his inauguration.

COMMENT

Consumers remain cautious with their money, even more so this month. The emerging fear of inflation and continuing fear of layoffs lower consumers' expectations of coming out of the recession within 12 months.

At the same time, rising prices and less aggressive promotional offers mean consumers are unlikely to be rewarded for postponing purchases. This may be why more consumers are shopping for new cars and, to a lesser extent, air travel and major appliances. Offers that stress "for a limited time" are likely to trigger consumer spending this month.

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 <u>June</u>	2009 <u>May</u>	2009 <u>June</u>	Change	
				<u>Month- To-Month</u>	<u>Year- To-Year</u>
SPENDING FREELY FOR: <i>(Not cutting back on)</i>					
Maintaining Standard of Living	42%	39%	38%	-1	-4
Clothing	37	29	27	-2	-10
Food	38	33	35	+2	-3
Driving (Gasoline)	23	41	37	-4	+14
Medical Care	75	63	61	-2	-14
PLANNING PURCHASE IN 12 MONTHS AND ACTIVELY SHOPPING FOR:					
NEW CARS...					
Planning	9	8	11	+3	+2
Shopping	4	4	6	+2	+2
USED CARS...					
Planning	15	21	17	-4	+2
Shopping	6	9	7	-2	+1
HOUSE...					
Planning	13	9	9	0	-4
Shopping	8	6	5	-1	-3
FURNITURE...					
Planning	19	20	20	0	+1
Shopping	10	10	10	0	0
MAJOR APPLIANCE...					
Planning	11	14	13	-1	+2
Shopping	4	5	7	+2	+3
CARPETING...					
Planning	8	7	7	0	-1
Shopping	2	2	3	+1	+1
TELEVISION...					
Planning	14	18	16	-2	+2
Shopping	7	9	8	-1	+1
PERSONAL COMPUTERS...					
Planning	15	16	15	-1	0
Shopping	6	9	8	-1	+2
AIR TRAVEL...					
Planning	31	28	30	+2	-1
Shopping	16	15	16	+1	0
MOTEL/HOTEL...					
Planning	43	43	44	+1	+1
Shopping	16	19	18	-1	+2