



LEO J. SHAPIRO & ASSOCIATES LLC.

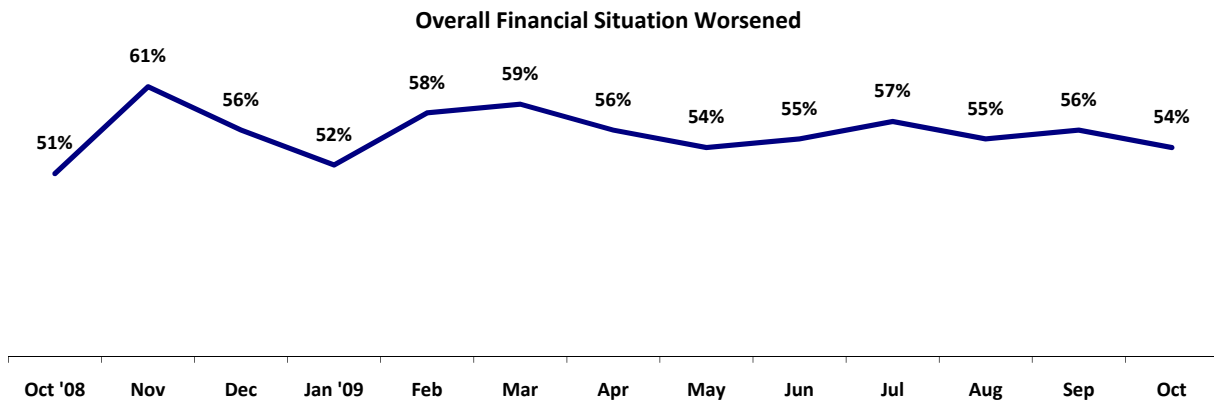
CONSUMERS GET MORE COMFORTABLE WITH RECESSIONARY LIVING

October 12, 2009

Consumers relax restraints on day-to-day spending for consumables.

FINANCIAL SITUATION

The percent of Americans who feel their financial situation is worse now than a year ago improves two percentage points to 54% this month.



JOB SECURITY

Last month's spike in consumers reporting a layoff or loss of wages within the past year disappears this month. However, consumers continue to report losing a job or wages far more frequently than regaining a job or wages (44% vs. 17%). Six in ten consumers (61%) continue to feel vulnerable to a possible layoff or loss of wages in the coming months.

	2008-09												Change <i>Sep/Oct</i>	
	<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>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>		<u>Oct</u>
HOUSEHOLDS REPORTING:														
Chance of layoff or loss of earnings in coming months	54%	46%	56%	59%	62%	61%	59%	61%	62%	61%	59%	61%	61%	0
Had layoff or loss of earnings in past year	33	32	41	38	43	42	45	44	45	47	44	49	44	-5
Regained job or earnings in past year	25	24	26	22	19	16	18	17	20	19	18	17	17	0

INCOME

Stability of household income improves from September to October, reprising August figures.

YEAR-TO-YEAR INCOME	2008-09												Change Sep/Oct	
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep		Oct
Increased	34%	39%	35%	33%	30%	27%	27%	27%	26%	24%	23%	24%	23%	-1
Same	31	30	33	33	30	33	29	32	31	32	37	31	37	+6
Decreased	35	31	32	34	40	40	44	41	43	44	40	45	40	-5

SAVINGS AND CREDIT

For the fourth consecutive month, only one-third (32-33%) of consumers have saved a portion of their monthly income.

Consumers reporting that their credit card balances increased during the past month decline three points this month to 21%, which is fewer than the percent who reduced their credit card balances (23%).

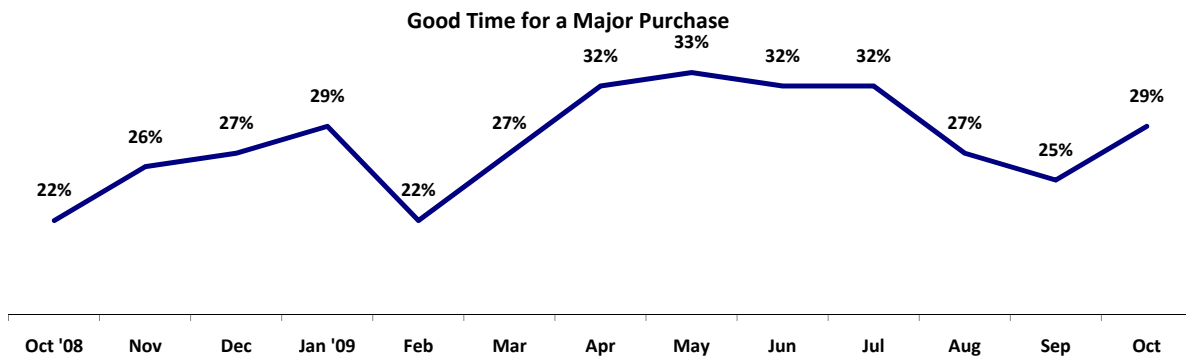
SPENDING

Consumables

Consumers are spending more freely this month on day-to-day expenses like **food**, **clothing**, and **medical expenses**.

Major Purchases

Trends in shopping for major purchases are mixed this month. Shopping is up for **computers** and **major appliances** versus a year ago, but down for **televisions** and **used cars**. Although current shopping for **lodging** is down, future plans to purchase **air travel** are up. Consumers who feel now is a good time to make a major purchase are up four points from last month.



PRICES

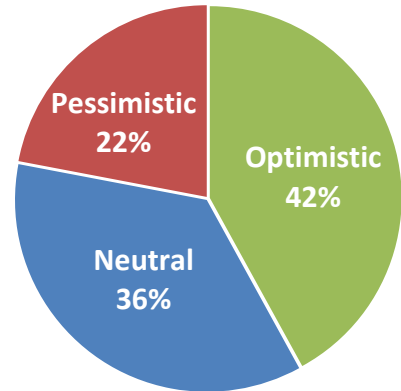
Consumer perception of inflation is modest, with 45% saying prices rose in the past month, 25% saying prices fell, and 30% not noticing a change in prices.

HOUSING MARKET

Progressively more consumers believe housing prices will increase over the next six months, growing from 27% in July to 38% this month. A similar proportion think housing prices will hold steady (40%), while 22% expect them to decline. Consumers shopping for a house remain well below last year.

HOPE

Nearly twice as many consumers are optimistic about their household finances improving in the coming year compared to consumers who are pessimistic, expecting their finances to get worse (22%). Pessimists have decreased four points since last month.



THE NATION

The economy continues to be Americans' top concern for the nation, followed by health care, and then international relations. In October, consumers who believe the economy is improving (39%) fall somewhat behind those who believe it is worsening (44%). As in September, slightly more than half (52%) expect the current economic crisis to last another three years or longer.

Americans pleased with the job President Obama is doing slip four points to 48% this month, the lowest since his inauguration.

COMMENT

Consumers are allowing themselves more freedom to buy consumables, like food and clothing, than they did in May through September. This reflects a growing percentage of consumers who have reached equilibrium between money coming in and going out. After living with recession for a full year, many consumers now have the hang of making ends meet under these conditions. However, expecting to have to live under these conditions for months or years ahead, they remain very judicious about making major purchases.

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>Oct</u>	2009 <u>Sep</u>	2009 <u>Oct</u>	Change	
				<u>Month- To-Month</u>	<u>Year- To-Year</u>
<u>SPENDING FREELY FOR:</u> <i>(Not cutting back on)</i>					
Maintaining Standard of Living	43%	38%	41%	+3	-2
Clothing	33	29	31	+2	-2
Food	36	33	37	+4	+1
Driving (Gasoline)	23	41	41	0	+18
Medical Care	70	60	63	+3	-7
<u>PLANNING PURCHASE IN 12 MONTHS AND ACTIVELY SHOPPING FOR:</u>					
NEW CAR...					
Planning	10	7	8	+1	-2
Shopping	4	4	4	0	0
USED CAR...					
Planning	21	18	18	0	-3
Shopping	9	9	7	-2	-2
HOUSE...					
Planning	12	7	8	+1	-4
Shopping	8	5	5	0	-3
FURNITURE...					
Planning	20	19	19	0	-1
Shopping	9	10	10	0	+1
MAJOR APPLIANCE...					
Planning	12	15	14	-1	+2
Shopping	7	8	9	+1	+2
CARPETING...					
Planning	7	8	6	-2	-1
Shopping	2	3	3	0	+1
TELEVISION...					
Planning	18	17	15	-2	-3
Shopping	9	8	8	0	-1
PERSONAL COMPUTER...					
Planning	12	16	15	-1	+3
Shopping	6	8	8	0	+2
AIR TRAVEL...					
Planning	28	28	32	+4	+4
Shopping	12	17	17	0	+5
MOTEL/HOTEL...					
Planning	45	43	43	0	-2
Shopping	21	20	17	-3	-4