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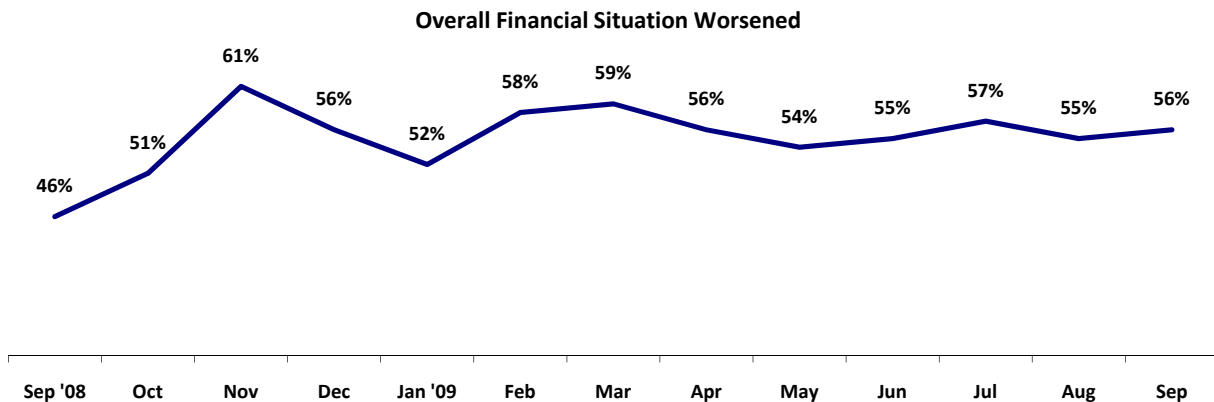
CONSUMERS' RESOURCES ARE STRETCHED THIN

September 11, 2009

As the recession wears on, its cumulative effects on consumers force tough choices.

FINANCIAL SITUATION

The percent of Americans who feel their financial situation is worse now than a year ago has stayed above 50% for 12 straight months.



JOB SECURITY

Americans who have been hit in the past year by a loss of work or earnings rise to a new high this month (49%). Six in ten households (61%) continue to feel vulnerable to a possible layoff or loss of wages.

	2008-09												Change Aug/Sep	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug		Sep
HOUSEHOLDS REPORTING:														
Chance of layoff or loss of earnings in coming months	45%	54%	46%	56%	59%	62%	61%	59%	61%	62%	61%	59%	61%	+2
Had layoff or loss of earnings in past year	33	33	32	41	38	43	42	45	44	45	47	44	49	+5
Regained job or earnings in past year	27	25	24	26	22	19	16	18	17	20	19	18	17	-1

INCOME

Households reporting that their income declined over the past year reach a new high this month (45%). Slightly less than one-fourth of households report increased income (24%).

YEAR-TO-YEAR INCOME	2008-09												Change Aug/Sep	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug		Sep
Increased	38%	34%	39%	35%	33%	30%	27%	27%	27%	26%	24%	23%	24%	+1
Same	31	31	30	33	33	30	33	29	32	31	32	37	31	-6
Decreased	31	35	31	32	34	40	40	44	41	43	44	40	45	+5

SAVINGS AND CREDIT

Consumers able to save a portion of their income during the past month remain at the lowest level we've seen in years (32%). Consumers who expect to have to dip into their savings to make ends meet over the next 12 months rise to 38%, the highest since February.

Credit card balances remain relatively stable. For five months in a row, consumers whose credit card balances increased (24%) are virtually equal to consumers whose balances decreased (23%) in the past month.

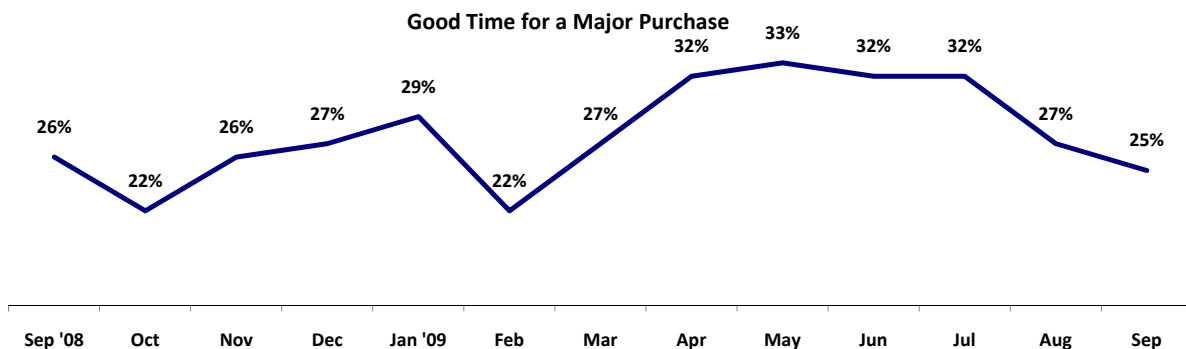
SPENDING

Consumables

This month we see a shift in what consumers are cutting back on. Those cutting back on **gasoline** decrease six percentage points, while those cutting back on **medical expenses** increase six points. The cutbacks on medical care coincide with rising consciousness of the national health insurance debate. (Consumers spontaneously mentioning health care as a major national problem doubled from 17% two months ago to 34% this month.)

Major Purchases

Fewer consumers see this as a good time to make major purchases. Shopping drops sharply for **new cars**, but surprisingly, surges for **major appliances**. Shopping for other major goods is relatively steady month-to-month but, in most categories, remains below last year's figures.



PRICES

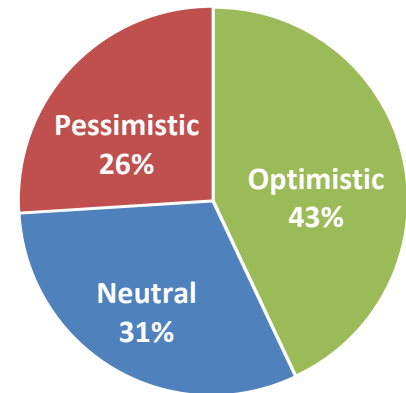
Although six in ten consumers expect 0% or less inflation during the next few months, a growing proportion of consumers believe new car prices will be higher six months from now. Just three months ago, as many consumers expected car prices to rise (27%) as fall (27%). Now, those expecting higher car prices outnumber those expecting lower car prices three-to-one (42% vs. 14%).

HOUSING MARKET

Consumers considering buying a house remain far below year-ago levels, even though more consumers in August and September expect housing prices to rise (34-35%) than decline (22%) over the next six months. Consumers expecting interest rates to be higher six months from now have risen steadily from 29% in March to 55% in September.

HOPE

Consumers optimistic about their household finances improving in the coming year continue to outnumber pessimists (43% vs. 26%), but by a smaller margin than last month (45% vs. 23%).



THE NATION

Consumers are evenly divided between those who feel the economy is improving (43%) and those who feel it is worsening (43%). However, for the first time, over half of consumers (53%) expect the current economic crisis to last three more years or longer.

Americans pleased with the job President Obama is doing rebound three percentage points to 52% this month.

COMMENT

The ongoing recession is having a cumulative effect on consumers' finances and buying behavior. It is becoming increasingly difficult for them to save any of the money coming in. Without surplus dollars, making one purchase often means giving up another purchase.

In this environment, businesses are not only competing with others in their sector, but increasingly with businesses in other sectors. For example, health care providers are competing with food stores that sell products with health benefits. Retailers and manufacturers need to show consumers why their products should be purchased now, instead of other products consumers might be considering.

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>Sep</u>	<u>Aug</u>	<u>Sep</u>	<u>Month-</u>	<u>Year-</u>
<u>SPENDING FREELY FOR:</u>				<u>To-Month</u>	<u>To-Year</u>
<i>(Not cutting back on)</i>					
Maintaining Standard of Living	48%	40%	38%	-2	-10
Clothing	40	30	29	-1	-11
Food	42	32	33	+1	-9
Driving (Gasoline)	28	35	41	+6	+13
Medical Care	73	66	60	-6	-13
PLANNING PURCHASE IN 12 MONTHS AND ACTIVELY SHOPPING FOR:					
NEW CAR...					
Planning	12	10	7	-3	-5
Shopping	6	6	4	-2	-2
USED CAR...					
Planning	20	19	18	-1	-2
Shopping	10	8	9	+1	-1
HOUSE...					
Planning	16	9	7	-2	-9
Shopping	11	5	5	0	-6
FURNITURE...					
Planning	23	20	19	-1	-4
Shopping	12	10	10	0	-2
MAJOR APPLIANCE...					
Planning	15	11	15	+4	0
Shopping	6	6	8	+2	+2
CARPETING...					
Planning	8	7	8	+1	0
Shopping	2	2	3	+1	+1
TELEVISION...					
Planning	19	17	17	0	-2
Shopping	9	6	8	+2	-1
PERSONAL COMPUTER...					
Planning	18	15	16	+1	-2
Shopping	9	9	8	-1	-1
AIR TRAVEL...					
Planning	28	28	28	0	0
Shopping	15	15	17	+2	+2
MOTEL/HOTEL...					
Planning	48	45	43	-2	-5
Shopping	21	20	20	0	-1