

**TO:** Distribution  
**FROM:** Michael Marx  
**DATE:** June 30, 2008

## **Background**

This represents the latest monthly summary and analysis of the major indices of consumer confidence, both current and future.

Please feel free to share this information with your issuer and merchant clients.

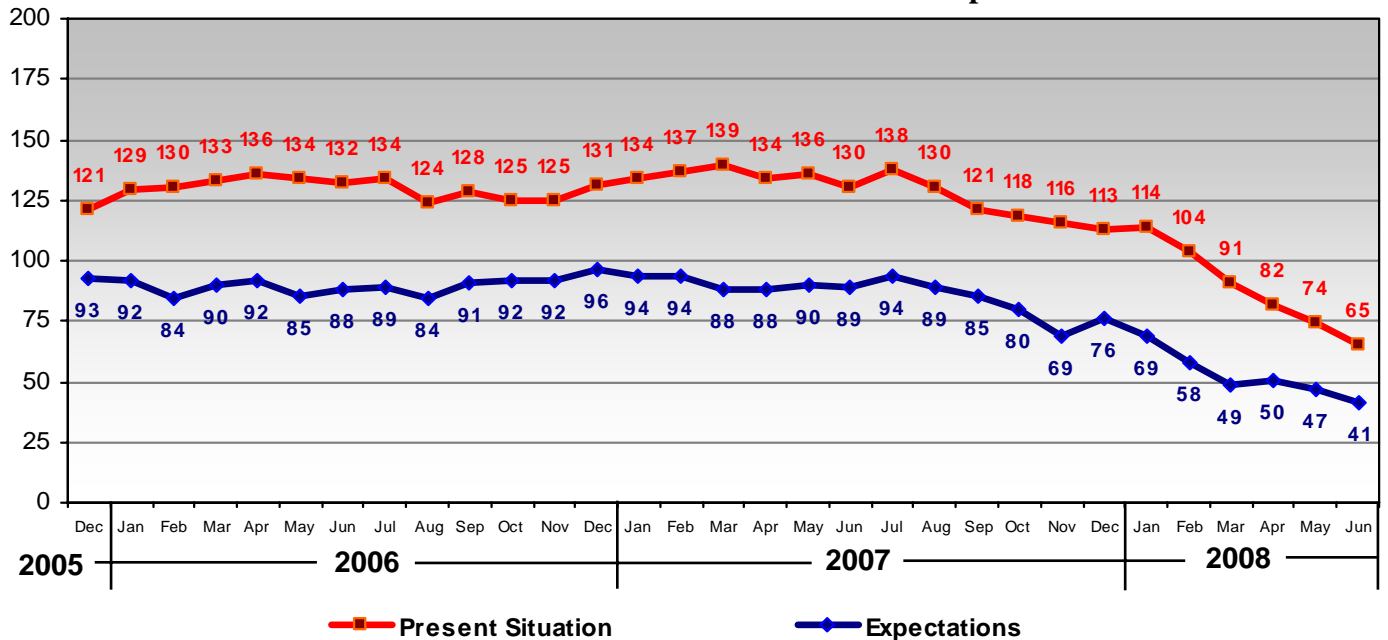
## **Summary**

- Consumer confidence declined sharply in June to its fifth lowest reading ever.
- Business conditions confidence also declined in June to record lows.
- Small business owner confidence continues to diminish in nearly all aspects of their business.

## **Findings**

Consumer confidence continued to plummet in June. Present expectations confidence fell nine points, and future expectations confidence fell six points. The overall index is now at its fifth lowest level since polling began over 40 years ago—the expectations confidence measure is at its lowest level ever. These declines exceeded analysts expectations as high gas prices and other economic uncertainties continue to weigh on consumer confidence. One grim questions remains—how low will consumer confidence go?

## Consumer Confidence—Present Situation and Expectations

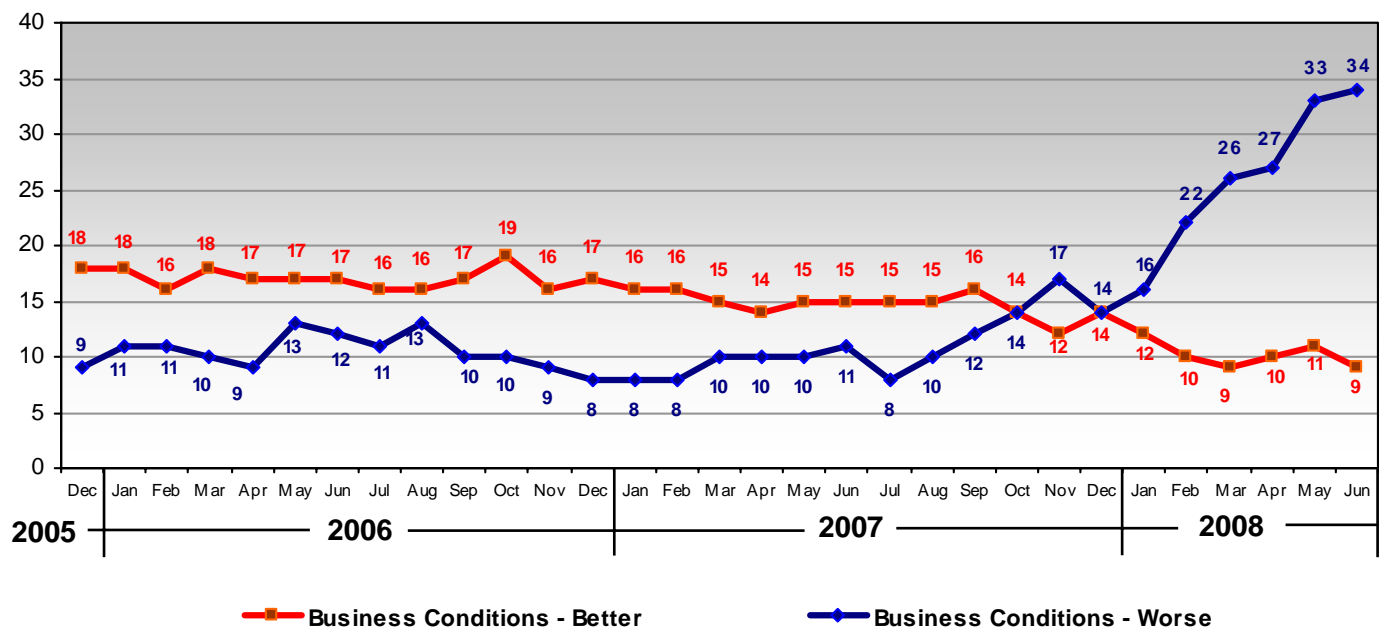


Index—1985=100

Source: Conference Board—Consumer Confidence Survey

The business conditions measure continued to fall in June on top of substantial declines in May. Those who felt conditions would improve fell two points, and the percentage who felt conditions would worsen rose one point. This places the net position at -25, an historic low.

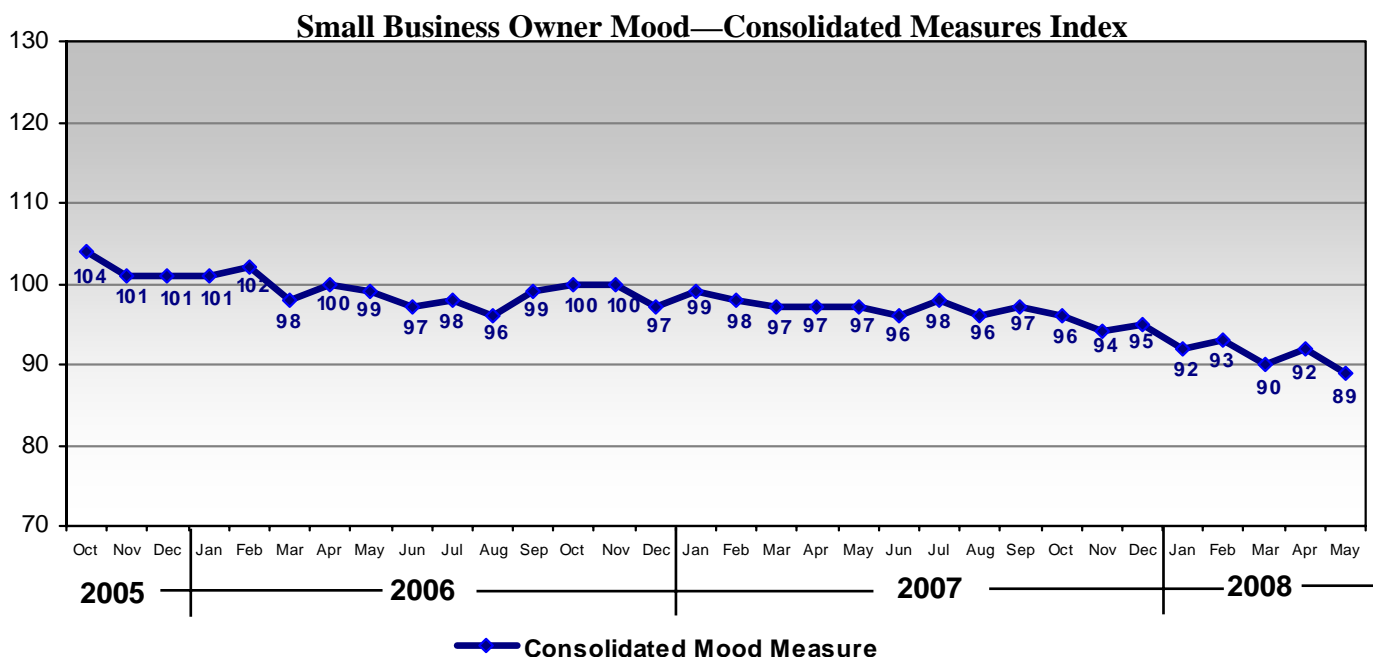
## Business Conditions—Next Six Months



Source: Conference Board—Consumer Confidence Survey

The National Federation of Independent Businesses (NFIB) publishes a monthly report of small business confidence, both overall and for specific components of business operations. This information comes from a survey of small business owners.

As with consumers, small business confidence has declined sharply in the past year. In fact, the composite index shown below (an average of 10 measures) has declined to its lowest level since 1980. In the past month the drivers of the decline of the composite index centered on deterioration of plans to hire new employees or plans to increase inventories, loss in expectations of sales growth, and slowing in job openings. The only positive note from the data is a marginal increase in feeling that credit conditions will improve.



Index—1986=100

Source: *NFIB Small Business Economic Trends—NFIB Research Foundation June 2008*

Consolidated index represents weighted average of responses to ten questions: Plans to increase employment; Plans to make capital outlays; Plans to increase inventories; Expect Economy to improve; Expect real sales higher; Level of current inventory; Current job openings; Expected credit conditions; Now a good time to expand; Expected earnings trends