



Discover U.S. Spending MonitorSM Consumer Confidence Falls for Second Straight Month in July

A Record 45% Planning to Save and Invest Less in the Month Ahead

RIVERWOODS, Ill., Aug 03, 2011 (BUSINESS WIRE) -- Consumer confidence fell for the second straight month in July, as the Discover[®] U.S. Spending MonitorSM dropped to its lowest level in more than two years and has dropped 11 points since January. The Monitor, a daily poll of 8,200 consumers tracking economic confidence and spending intentions throughout the month, now stands at 82.7, 2.4 points lower than June and the lowest level reported since March 2009, when it stood at 79.5.

The monitor reflects increased concerns from Americans about the broader economy. This month, 62 percent of Americans rated the economy as poor, up from 60 percent in June; 59 percent of consumers say economic conditions are worsening, which is a 3-point jump from the month prior.

Furthermore, more Americans are reporting difficulties with their personal finances. Fifty-four percent of consumers say their personal finances are getting worse, up from 51 percent who reported the same last month. In comparison, at the start of this year, only 44 percent felt their personal finances were worsening.

In addition, a declining number of Americans expect to have money left over after paying their bills, as only 45 percent of consumers say they will have money left over, down 2 points from last month.

"Most consumers don't appear to be having a carefree summer, considering the drops in confidence the Monitor has reported over the last two months," said Julie Loeger, senior vice president of brand and product management for Discover. "Continued high gas prices, poor economic numbers and uncertainty over the debt crisis certainly didn't help their confidence."

Discretionary Spending Intentions Decline, Record 45% Plan to Save and Invest Less in the Month Ahead

Economic uncertainty has Americans pulling back their discretionary spending intentions. More than half of consumers, 53 percent, say they are reining in spending, a 4-point jump from last month. Those who say they will spend more on discretionary items or events like going out to dinner and the movies in the coming month slid to 8 percent, down from 11 percent in June. At the same time, a Monitor-record 45 percent of consumers plan to save and invest less in the month ahead, up from 41 percent from last month.

Lower Spending on Household Improvements and Major Personal Purchases

From February to June, consumers steadily increased their spending on home improvement purchases. July's numbers broke that trend. Fifty-four percent of consumers plan to spend less on home improvement purchases, up from 47 percent in June. Only 13 percent plan to spend more, dropping 5 points from June.

The number of Americans who plan to reduce their spending on major personal purchases, such as vacations or gym memberships, is also increasing. In July, 51 percent of consumers said they planned to spend less on these types of purchases, up from 48 percent who said the same last month.

For more Discover U.S. Spending Monitor survey data, charts and information, please visit <http://www.discoverfinancial.com/surveys/spending.shtml>.

About Discover U.S. Spending Monitor

The Discover U.S. Spending MonitorSM is a monthly index of consumer spending intentions and capacity that is based on interviews with a random sample of 8,200 U.S. adults conducted at a rate of 275 per night. In addition to spending, the survey asks consumers their opinions on the U.S. economy and their personal finances. The Monitor began in May 2007 with a base index of 100. Surveys are conducted by Rasmussen Reports, an independent survey research firm (<http://www.rasmussenreports.com>).

About Discover

Discover Financial Services (NYSE: DFS) is a direct banking and payment services company with one of the most recognized brands in U.S. financial services. Since its inception in 1986, the company has become one of the largest card issuers in the United States. The company operates the **Discover card**, America's cash rewards pioneer, and offers personal and student loans, online savings accounts, certificates of deposit and money market accounts through its **Discover Bank** subsidiary. Its payment businesses consist of Discover Network, with millions of merchant and cash access locations; PULSE, one of the nation's leading ATM/debit networks; and Diners Club International, a global payments network with acceptance in more than 185 countries and territories. For more information, visit <http://www.discoverfinancial.com>.

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