True Loves Be Warned: Despite Weak Economic Picture PNC Christmas Price Index(R) Jumps A Staggering 9.2 Percent

November 29, 2010
- Costs for "The Twelve Days of Christmas" Song Items Spike Due To Price Increases for Commodities, Performers and Birds -

PITTSBURGH, Nov. 29, 2010 /PRNewswire via COMTEX/ -- Despite a sluggish economy and low inflation, the 2010 PNC Christmas Price Index(R) surged 9.2 percent in the whimsical economic analysis by PNC Wealth Management based on the gifts in the holiday classic, "The Twelve Days of Christmas."

To view the multimedia assets associated with this release, please click: http://www.multivu.com/players/English/42903-PNC-Christmas-Price-Index/

According to the 27th annual survey, the price tag for the PNC CPI is $23,439 in 2010, $1,974 more than last year. This is the second highest jump ever and largest percentage increase since 2003 when the index rose 16 percent. That comes on the heels of a modest 1.8 percent increase a year ago.

"This year's jump in the PNC CPI can be attributed to rising gold commodity prices, represented by the Five Gold Rings which went up by 30 percent, in addition to higher costs for wages and benefits impacting some entertainers," said James Dunigan, managing executive of investments for PNC Wealth Management.

Although these trends affect both indexes, the PNC CPI's surge is in marked contrast to the government's CPI, which grew a mere 1.1 percent, illustrating the difference in size of the two baskets of goods and services.

Among the 12 gifts in the PNC CPI, only four items (Pear Tree, Four Calling Birds, Six Geese a-Laying and the Eight Maids-a-Milking) were the same price from last year.

The 11 Pipers Piping ($2,356) and 12 Drummers Drumming ($2,552) saw modest increases, both up 3.1 percent, however these higher costs give greater weight to the index. Lords-a-Leaping jumped 8 percent to $4,766 but the biggest dollar increase this year was for the Nine Ladies Dancing, up $820, a 15 percent boost. None of these performers received a wage increase last year, and were playing catch-up in 2010.

Birds Soar Higher

After modest increases last year, prices for the birds flew higher in this year's index, in part due to the costs of feed as well as the availability and demand for certain feathered friends that amplified several prices. The Two Turtle Doves increased 78.6 percent to $100 and the Three French Hens surged 233 percent to $150.

The Partridge in a Pear Tree is up 1.3 percent to $161. But the partridge alone was up 20 percent to $12 and the pear tree is identical to a year ago at $149.

The cost of the Seven Swans-a-Swimming, which generally provide the biggest swings from year to year in the PNC CPI, rose this year by 6.7 percent to $5,600 following last year's surprising 6.5 percent drop. As the most volatile component in the index, the swans are removed to determine underlying inflation or core PNC CPI, which pushed the rate up 10 percent this year.

As part of its annual tradition, PNC Wealth Management also tabulates the "True Cost of Christmas," which is the total cost of items gifted by a True Love who repeats all of the song's verses. This holiday season, very generous True Loves have to fork over $96,824 for all 364 gifts, an even more eye-popping 10.8 percent increase compared to last year.

No Raise for the Milkmaids

As the only unskilled laborers in the PNC CPI, the cost of the eight Maids-a-Milking is represented with the minimum wage. They received no increase in pay in 2010 as the Federal minimum wage did not rise for the first time in three years. With the minimum wage flat at $7.25 per hour, hiring the maids this year cost $58.

Monetary Policy Based on PNC CPI?

Should the Federal Reserve set policy based on the PNC CPI, given its huge jump? Not so fast, said Dunigan.

"Typically we see more parallels between our index and the Federal government's," Dunigan said. "This year, we hope, is an aberration. But let's keep in mind that we are talking about a small basket of goods and services here compared to the Consumer Price Index."

The PNC CPI's sources include retailers, the National Aviary in Pittsburgh and the Philadelphia-based Pennsylvania Ballet Company.

Cyber Prices: The Cost of Convenience

For those True Loves who prefer the convenience of shopping online, PNC Wealth Management calculates the cost of "The Twelve Days of Christmas" gifts purchased on the Internet.

This year, the trends identified in the traditional index are repeated in the Internet version, with the core rates more than total rates. True Loves will pay a grand total of $34,336 to buy the items online. That is a 9.2 percent more expensive than last year and almost $11,000 more than this year's
traditional index.

"In general, Internet prices are higher than their non-Internet counterparts because of shipping costs for birds and the convenience factor of shopping online," Dunigan said.

Special Present: Updated Web Site

For a historical look at PNC's index, the updated Web site can be viewed at http://www.pncchristmaspriceindex.com. This year's site incorporates interactivity with a pop-up book theme narrated by Dunigan, allowing visitors to enjoy and reveal the 2010 PNC CPI results at their own pace.

Each year, educators across the country use the Christmas Price Index to teach economic trends to middle and high school students. With that in mind, this year's site includes interactive activities, annual results and PNC CPI trends in a Flash presentation, MP3 download, games and much more.

Educators who visit the site will also find lesson plans on the Christmas Price Index from The Stock Market Game(TM) (SMG), a program of the Securities Industry and Financial Markets Association Foundation for Investor Education (www.sifma.org/education). The enhanced activities are specially designed to help students identify economic trends and to project their impact on this year's Index, giving them the opportunity to make predictions and check their success against actual results. SMG is America's premier educational stock market simulation. Available in all 50 states for grades 4-12, the SMG program teaches children core academic and investment skills.

The PNC Financial Services Group, Inc. (www.pnc.com) is one of the nation's largest diversified financial services organizations providing retail and business banking; residential mortgage banking; specialized services for corporations and government entities, including corporate banking, real estate finance and asset-based lending; wealth management and asset management. Follow @PNCNews on Twitter for breaking news, updates and announcements from PNC.

[PNC CHRISTMAS PRICE INDEX CHART FOLLOWS]

### 2010 PNC Christmas Price Index

<table>
<thead>
<tr>
<th>Item</th>
<th>Traditional</th>
<th>Internet</th>
<th>% Change Traditional</th>
<th>% Change Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Partridge in a Pear Tree</td>
<td>$159.99</td>
<td>$161.99</td>
<td>1.3%</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Partridge</td>
<td>$10.00</td>
<td>$12.00</td>
<td>20.0%</td>
<td>-17.6%</td>
</tr>
<tr>
<td>Pear Tree</td>
<td>$149.99</td>
<td>$149.99</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Two Turtle Doves</td>
<td>$55.98</td>
<td>$100.00</td>
<td>78.6%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Three French Hens</td>
<td>$45.00</td>
<td>$150.00</td>
<td>233.3%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Four Calling Birds</td>
<td>$599.96</td>
<td>$599.96</td>
<td>0.0%</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Five Gold Rings</td>
<td>$499.95</td>
<td>$649.95</td>
<td>30.0%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Six Geese-a-Laying</td>
<td>$150.00</td>
<td>$150.00</td>
<td>0.0%</td>
<td>-5.4%</td>
</tr>
<tr>
<td>Seven Swans-a-Swimming</td>
<td>$5,250.00</td>
<td>$5,600.00</td>
<td>6.7%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Eight Maids-a-Milking</td>
<td>$58.00</td>
<td>$58.00</td>
<td>0.0%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Nine Ladies Dancing</td>
<td>$5,473.07</td>
<td>$6,294.03</td>
<td>15.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>10 Lords-a-Leaping</td>
<td>$4,413.61</td>
<td>$4,766.70</td>
<td>8.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td>11 Pipers Piping</td>
<td>$2,284.80</td>
<td>$2,356.20</td>
<td>3.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>12 Drummers Drumming</td>
<td>$2,475.20</td>
<td>$2,552.55</td>
<td>3.1%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Total Christmas Price Index $21,465.56 $23,439.38 9.2% $31,434.85 $34,336.03 9.2%

True cost of Christmas in song $87,402.81 $96,824.29 10.8% $127,643.08 $137,851.73 8.0%

"Core" index, excluding swans $16,215.56 $17,839.38 10.0% $24,984.85 $27,854.03 11.5%

**CONTACTS:**

Alan Aldinger  
(412) 768-3711  
anal.aldinger@pnc.com

Meghan Cole  
(412) 762-5654  
meghan.cole@pnc.com

SOURCE PNC Financial Services