

# CONSUMER ECONOMIC CONFIDENCE REMAINS HIGH

***Home Purchase Intentions, Near Record Low Job Anxiety, And Positive Interest Rate Predictions Drive Economic Outlook***

***But, Personal Economic Outlook, Big-Ticket And Everyday Spending Intentions Soften Optimism***

***Ipsos-Reid Canadian Economic Confidence Index Slips 2.36 Points Since September To 110.71***



Public Release Date: November 3, 2003 – 6:00 a.m. (EST)

*Ipsos-Reid is Canada's leading marketing research and public affairs company, both in size and reputation. It operates in seven cities and employs more than 300 researchers and support staff in Canada. Ipsos-Reid has the biggest network of telephone call centres, as well as the largest prerecruited household and online panels in Canada. Its Canadian marketing research and public affairs practices are staffed with seasoned research consultants with extensive industry-specific backgrounds offering the premier suite of research vehicles in Canada, including the Ipsos Trend Report, the leading source of public opinion in the country. Ipsos-Reid is a member of the Ipsos Group, the second largest survey-based marketing research company in the world.*

Visit [www.ipsos-reid.com](http://www.ipsos-reid.com)

***For copies of other news releases, please visit***

[http://www.ipsos-reid.com/media/content/PRE\\_REL.cfm](http://www.ipsos-reid.com/media/content/PRE_REL.cfm)

---

© Ipsos-Reid

***Washington | New York | Minneapolis | San Francisco  
Vancouver | Edmonton | Calgary | Winnipeg | Toronto | Ottawa | Montreal***



## **CONSUMER ECONOMIC CONFIDENCE REMAINS HIGH**

***Home Purchase Intentions, Near Record Low Job Anxiety, And  
Positive Interest Rate Predictions Drive Economic Outlook***

***But, Personal Economic Outlook, Big-Ticket And Everyday Spending  
Intentions Soften Optimism***

***Ipsos-Reid Canadian Economic Confidence Index Slips 2.36 Points  
Since September To 110.71***

Toronto, ON– The Ipsos-Reid Canadian Monthly Economic Confidence Monitor, conducted late October 2003, finds Canadians remain confident in the national economy. The Ipsos-Reid Canadian Economic Confidence Index (110.71), provided exclusively to the Report on Business Section of the Globe and Mail, shows that it is positive home purchase intentions, job security, and positive expectations of interest rate drops that fuel current confidence in the economy.

Today three-quarters (73%) of Canadians describe the current economy as “good” (virtually identical to September’s findings, 72%), while one-quarter (26%) considers the current economy “poor” (also virtually identical to September’s findings, 27%). The highest levels of economic optimism were witnessed in March 2003 (81%) and January 2001 (81%).

Further, nearly four in ten (37%) Canadians continue to think the economy will improve over the next year or so matching robust numbers in September 2003 (37%). Nearly half (44%) of Canadians think the economy will stay the same over the next year or so (45% in September) and 18% think it will get worse (16% in September).



One in seven (14%) Canadians are likely to purchase a new or another home at this time—6% are “very likely” while 8% are “somewhat likely.” These proportions have remained virtually unchanged since the question was first asked of Canadians in August of 2002, and as a result, home purchase intentions continue to boost the Economic Confidence Index.

A mere 18% of Canadians are worried about either themselves or someone in their household losing their job, unchanged from our last sounding in September. Today’s findings are close to the record low levels of job anxiety witnessed in February (16%) and April (16%) of this year. Job anxiety was at its highest in September 1993 (35%). Job security also continues to boost the Economic Confidence Index.

Today four in ten (44%) Canadians are predicting an increase in interest rates, one in ten (12%) think rates will go down, and 42% think they will remain unchanged. These proportions are virtually identical to September. Positive interest rate expectations also continue to boost the Economic Confidence Index.

However, the percentage of Canadians who feel their own economic situation will improve (34%) has marginally declined since September (37%). Calamities are regionally isolated, likely a result of Mad Cow Disease, forest fires, and floods. This month’s slip in the Economic Confidence Index is partially a result of this nominal decline. Personal economic outlooks has shifted from a marginally positive factor in the Economic Confidence Index to a slightly negative one.

Canadians’ major purchase spending intentions continues to soften the current optimism in the economy, but to a lesser degree than it has over the past year. Today, three in ten (28%) Canadians say they expect to spend more on big-ticket items in the next year than they did last year (26% in September), the same proportion (28%) say they will spend less than they



did last year (31% in September), and four in ten (44%) continue to say they will spend about the same amount (42% in September).

Everyday spending intentions also continues to soften the current optimism in the economy. Today, three in ten (31%) Canadians say they plan to spend more on everyday items than last year (36% in September), six in ten (58%) say they intend to spend about the same amount (54% in September), and one in ten (11%) say they intend to spend less than they did last year (10% in September).

*These are the findings of an Ipsos-Reid poll conducted between October 21<sup>st</sup> and October 23<sup>rd</sup>, 2003. The poll is based on a randomly selected sample of 1056 adult Canadians. With a sample of this size, the results are considered accurate to within  $\pm 3.1$  percentage points, 19 times out of 20, of what they would have been had the entire adult Canadian population been polled. The margin of error will be larger within regions and for other sub-groupings of the survey population. These data were statistically weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 2001 Census data.*

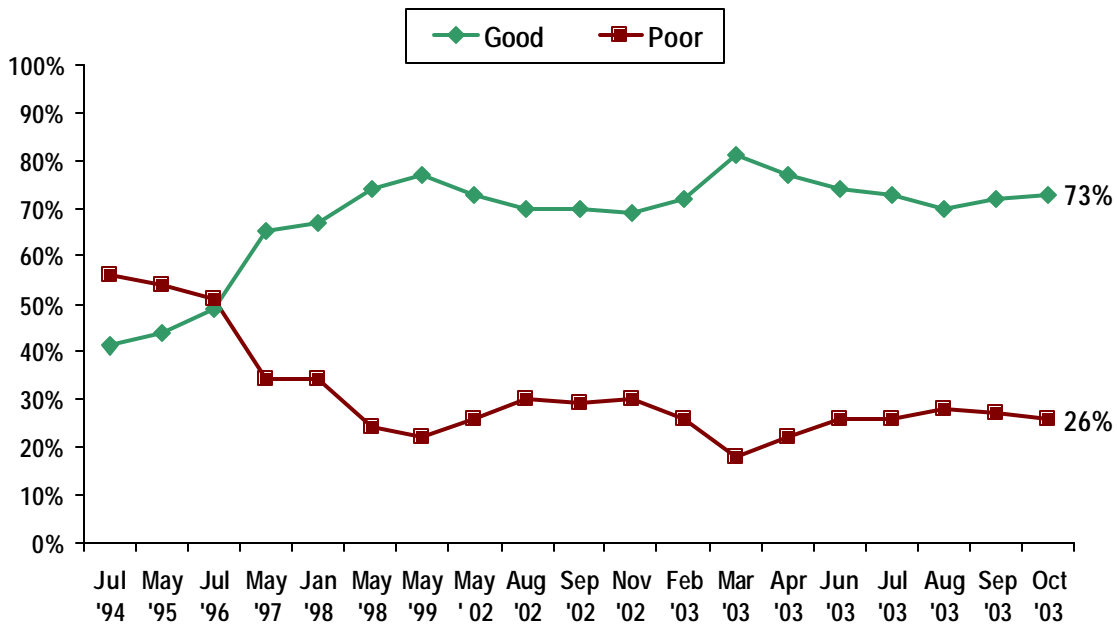
### **Three-Quarters (73%) Consider Overall State Of Canadian Economy To Be “Good”**

Three-quarters (73%) of Canadians describe the current economy as “good” (66% “good,” 7% “very good”), virtually the same proportion as September (72%). One-quarter (26%) describe the current economy as “poor” (22% “poor,” 4% “very poor”), while the remaining 1% is unsure. The highest levels of economic optimism witnessed since tracking began in 1994 were in March 2003 (81%) and January 2001 (81%).



- Residents of Quebec (77%) and Atlantic Canada (77%) are the most inclined to describe the current economy as good, followed by residents of Ontario (75%), Alberta (73%), Saskatchewan/Manitoba (65%), and finally British Columbia (61%).
- Men (79%) are more likely than women (67%) to describe the current economy as “good.”
- Individuals with a university degree (82%) are the most likely to describe the current economy as good, while Canadians without a high school diploma (58%) are the least likely.
- Canadians with an annual household income of \$30,000 or more (78%) are more optimistic than those with less (61%).

### Overall State Of The Canadian Economy





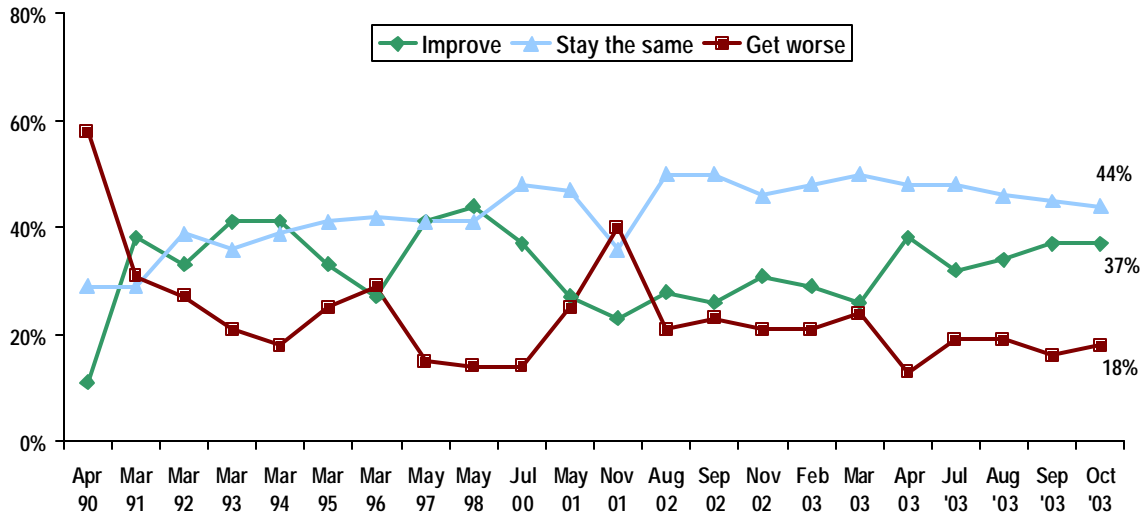
## ***Proportion Of Canadians Who Believe Economy Will Improve Over Next Year Remains Stable (37%), Two In Ten (18%) Think It Will Get Worse***

Nearly four in ten (37%) Canadians continue to think the economy will improve over the next year or so, matching robust numbers in September 2003 (37%). More than four in ten (44%) Canadians continue to think the economy will stay the same over the next year or so (45% in September) and 18% think it will get worse (up from 16% in September)—the net score (percentage who feel it will improve minus the percentage who feel it will get worse) is +19 down from +21 in September. The remaining 1% is unsure.

- Residents of British Columbia (43%), Atlantic Canada (41%), and Ontario (40%) are more likely to believe the Canadian economy will improve in the year to come; residents of Saskatchewan/Manitoba (54%), Quebec (52%), Alberta (47%) are more likely to believe the Canadian economy will stay the same in the year to come.
- Men (42%) are more likely than women (32%) to think the Canadian economy will improve in the year to come; women (21%) are more likely than men (15%) to think the Canadian economy will get worse in the year to come.
- Individuals with a high school diploma or less (24%) are more likely than others (15%) to think the economy will get worse over the next year.
- Canadians with an annual household income of less than \$30,000 (21%) are more likely than others (15%) to think the economy will get worse over the next year.



## One Year Outlook For The Canadian Economy



### **Canadians’ Home Purchase Intentions Remain Stable—14% Likely To Buy At This Time—6% “Very Likely,” 8% “Somewhat Likely”**

One in seven (14%) Canadians are likely to purchase a new or another home at this time—6% are “very likely” while 8% are “somewhat likely.” These proportions have remained virtually unchanged since the question was first asked of Canadians in August of 2002. Today, one in seven (15%) Canadians say they are “not very likely” to buy a home at this time (up from 11% in September) and seven in ten (71%) say they are “not likely at all” (down from 75% in September).

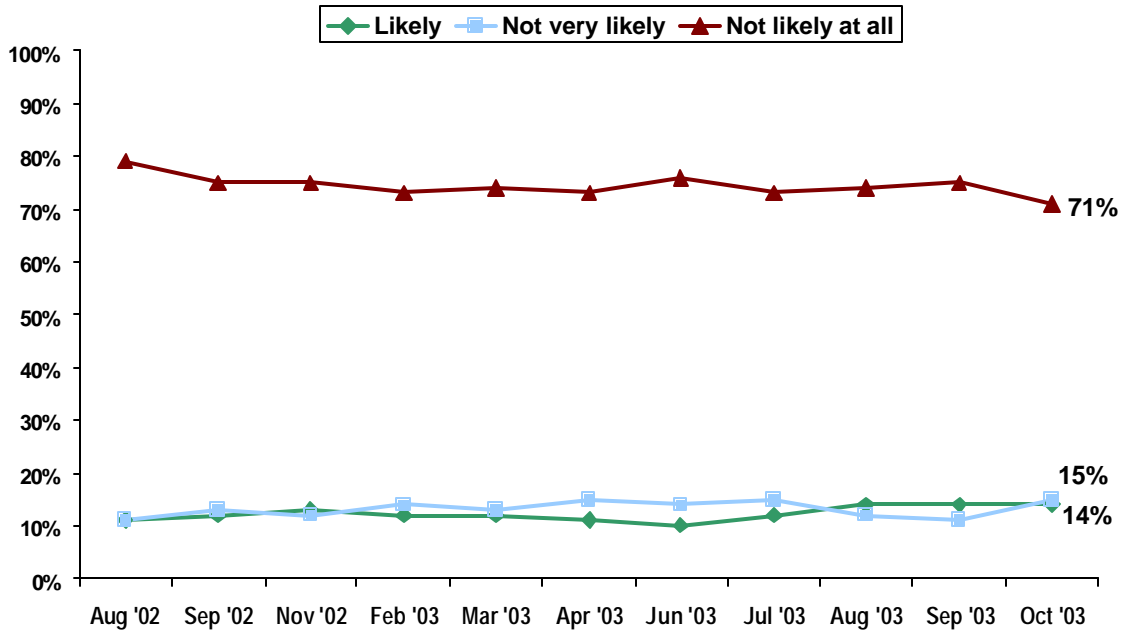
- At this time, residents of Ontario (17%) are most likely to be purchasing a home, followed by residents of Atlantic Canada (14%), British Columbia (14%), Saskatchewan/Manitoba (12%), Alberta (10%), and Quebec (10%).



- Canadians between the ages of 18 and 34 (25%) are the most likely to be purchasing a home right now, followed by Canadians aged 35-54 (13%), and finally Canadians 55 years of age or older (5%).
- Canadians with some post-secondary education/college degree or a university degree (16%) are more likely than those with a high school diploma or less (9%) to be purchasing a home right now.
- Canadians with an annual household income of \$60,000 or more (18%) are the most likely to be purchasing a home right now, followed by Canadians with an annual household income of \$30,000-\$59,999 (13%), and finally Canadians with an annual household income of less than \$30,000 (9%).



### Home Purchase Intentions



### ***Job Anxiety Remains Low—18% Of Canadians Worried About Job Loss***

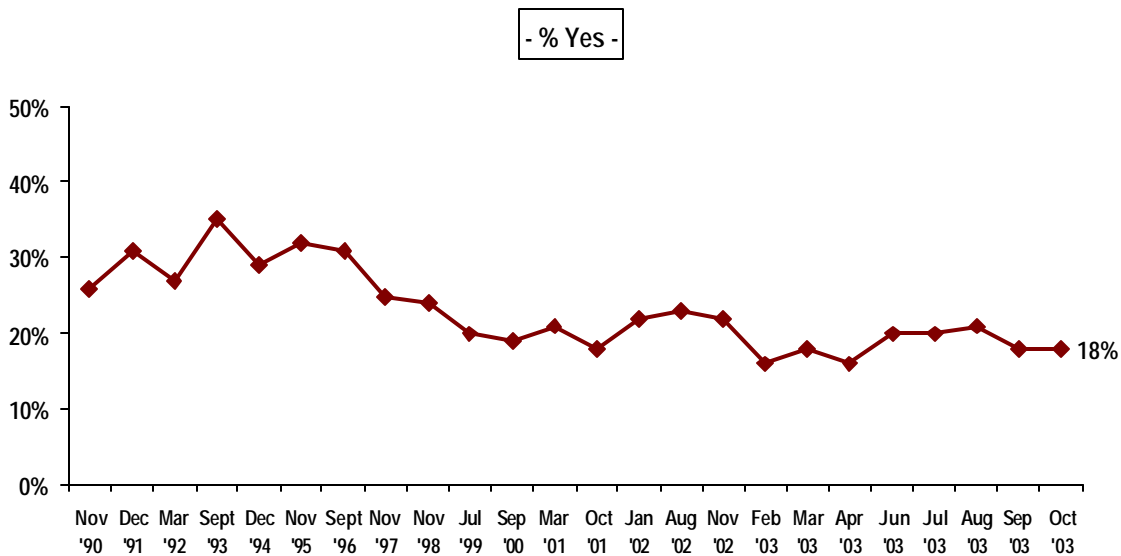
A mere 18% of Canadians are worried about either themselves or someone in their household losing their job, unchanged from September. Today’s findings are close to the record low levels of job anxiety witnessed in February (16%) and April (16%) of this year. Job anxiety was at its highest in September 1993 (35%).

- Residents of British Columbia (25%) continue to be the most worried about losing their job or someone in their household losing their job, followed by residents of Quebec (20%), Ontario (18%), Alberta (18%), and Saskatchewan/Manitoba (15%). Atlantic Canadians (8%) are the least worried about job loss.



- Canadians 18-54 years of age (22%) are more worried than their elders (10%) about losing their job or someone in their household losing their job.
- Canadians with an annual household income of less than \$30,000 (22%) are more worried about job loss than those with an annual household income of \$60,000 or more (16%).

### Canadians' Job Anxiety



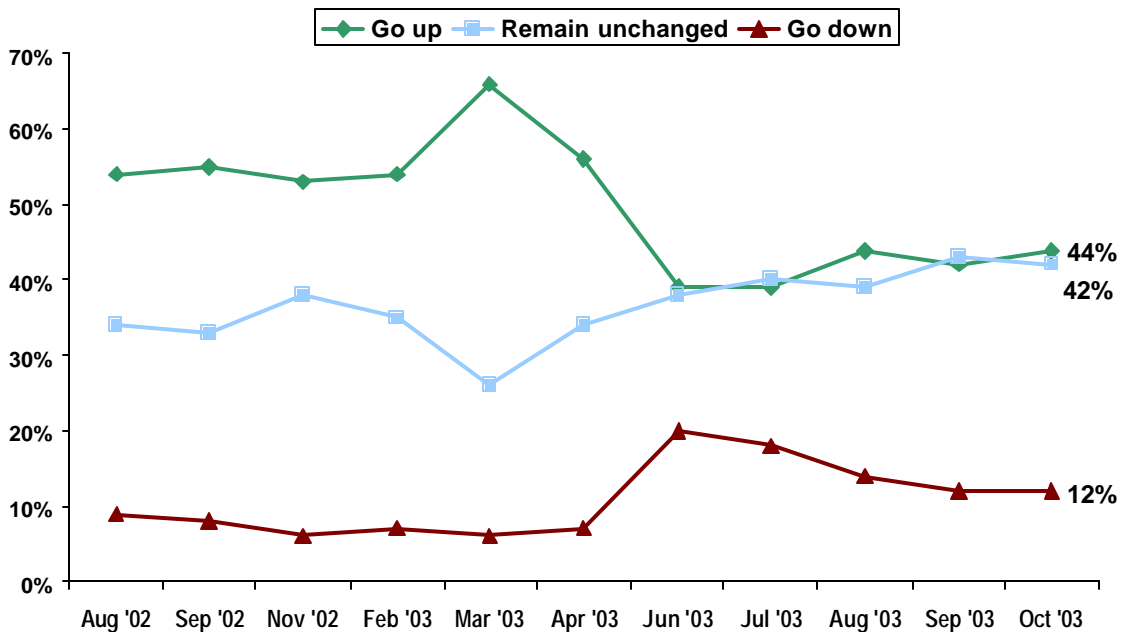
### ***Four In Ten (44%) Think Interest Rates Will Go Up, One In Ten (12%) Think Rates Will Go Down***

Today four in ten (44%) Canadians are predicting an increase in interest rates, one in ten (12%) think rates will go down, and 42% think they will remain unchanged. The remaining 3% are unsure. These proportions are virtually identical to September. Considering findings over the past year, in March 66% of Canadians thought rates would go up, while in June and July only 39% thought rates would go up.



- Residents of Alberta (49%), British Columbia (46%), and Ontario (46%) are more likely to believe interest rates will go up in the next six months, while residents of Saskatchewan/Manitoba (49%), Quebec (47%), and Atlantic Canada (46%) are more likely to believe they will remain unchanged.
- Men (15%) are more likely than women (9%) to believe interest rates will go down.

### Six-Month Outlook For Interest Rates



***One-Year Outlook For Personal Financial Prospects Stable Since June—34% Think Their Situation Will Improve, 52% Think It Will Stay The Same, 14% Think It Will Get Worse***

The percentage of Canadians who feel their own economic situation will improve (34%) has marginally declined since September (37%). Half (52%) continue to think their personal

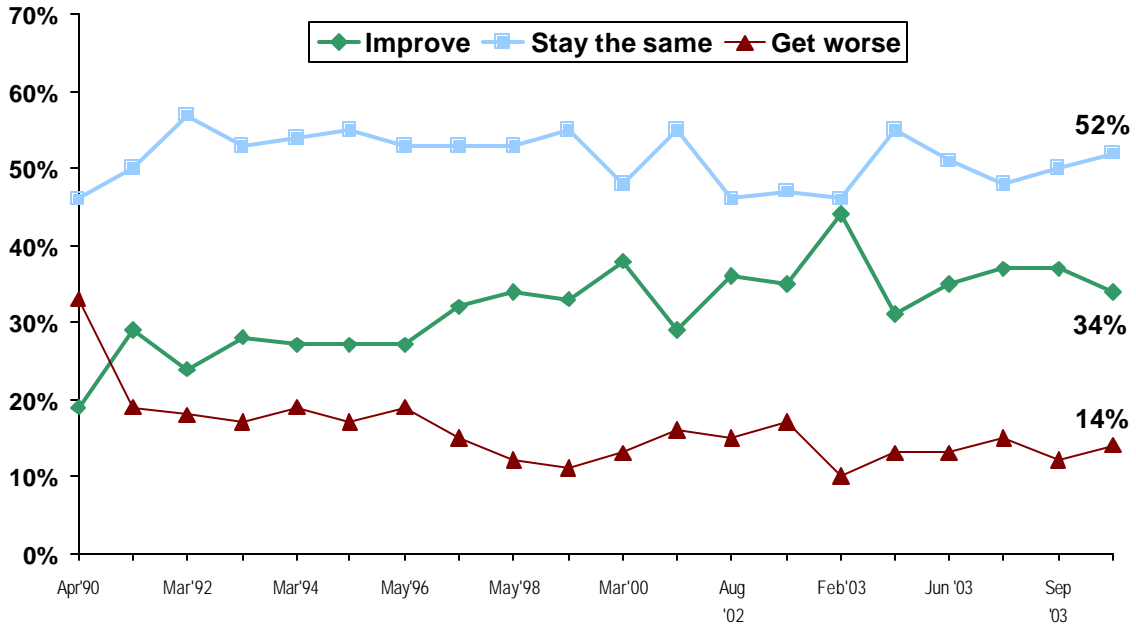


economic situation will remain the same (50% in September), and one in seven (14%) think it will get worse (12% in September). The net score (percentage who feel it will improve minus the percentage who feel it will get worse) therefore is +20, down from +22 in September.

- Residents of Ontario (37%) are the most likely to say their personal economic situation will improve, followed by residents of Alberta (32%), Quebec (32%), Atlantic Canada (31%), Saskatchewan/Manitoba (31%), and British Columbia (30%). Personal economic optimism has mostly declined in British Columbia (40% in September) and Alberta (41% in September), likely a result of Mad Cow Disease, forest fires, and floods.
- Young adults (48%) are more likely than their middle-aged (35%) and older (19%) counterparts to think their personal economic situation will improve, while older Canadians (63%) are more likely than middle-aged (53%) and younger (41%) adults to think it will remain the same. Older adults (19%) are also more likely to think their situation will get worse (12% young and middle-aged adults).
- Men (37%) are more likely than women (30%) to think their personal economic situation will improve.
- Canadians with some post-secondary education/college degree or a university degree (36%) are more likely than those with a high school diploma or less (28%) to think their own economic situation will improve, while Canadians with a high school diploma or less (22%) are twice as likely as those with some post-secondary education/college degree or a university degree (11%) to think it will get worse.
- Canadians with an annual household income of \$60,000 or greater (40%) are more likely than those with less (31%) to think their own economic situation will improve, while those

with an annual household income of less than \$30,000 (18%) are more likely than those with more (12%) to think it will get worse.

### One Year Outlook For Personal Financial Prospects



### ***Three In Ten (28%) Intend To Spend More On Big-Ticket Items Than Last Year, Same Proportion (28%) Plan To Spend Less***

Canadians' spending intentions for big-ticket items such as a car, household appliances, or vacations have remained relatively stable over the last year. Today, three in ten (28%) Canadians say they expect to spend more on big-ticket items in the next year than they did last year (26% in September), the same proportion (28%) say they will spend less than they did last year (31% in September), and four in ten (44%) continue to say they will spend about the same amount (42% in September). The net score—the percentage who intend to spend

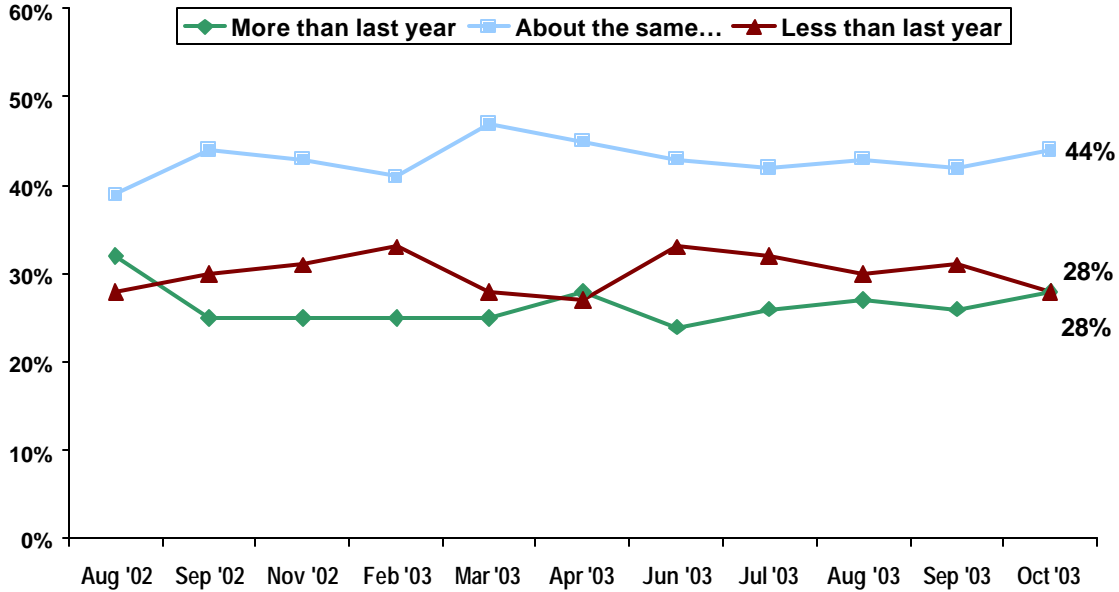
© Ipsos-Reid

more than last year minus the percentage who intend to spend less than last year—is 0 (-5 in September).

- Considering regional net spending scores, residents of British Columbia (-9) and Atlantic Canada (-5) are most likely to be cutting back on big-ticket purchases, while residents of Alberta (+2), Saskatchewan/Manitoba (+2), and Ontario (+1) are most likely to be spending more. Residents of Quebec are most likely to spend the same amount (0).
- Canadians between the age 18 and 34 (38%) are more likely than their elders (24%) to be spending more on major purchases in the next year, while Canadians 35 and older (46%) are more likely than their younger counterparts (38%) to be spending about the same amount.
- Women (31%) are more likely than men (25%) to be spending less than last year.
- Canadians with a household income less than \$30,000 (37%) are more likely than others (24%) to be spending less.



### Major Purchase Spending Intentions



### **Three In Ten (31%) Canadians Intend To Spend More On Everyday Items Than Last Year, One In Ten (11%) Intend To Spend Less**

Respondents were asked, “thinking only about your personal day-to-day spending habits on things such as groceries, clothing or other personal goods and services, in the next year, do you expect that you and your family will be spending more than last year, about the same as last year, or less than last year?” Three in ten (31%) Canadians say they plan to spend more than last year (down from 36% in September)<sup>1</sup>, six in ten (58%) say they intend to spend about the same amount (up from 54% in September), and one in ten (11%) say they intend to spend less than they did last year (10% in September). The net score—percentage who



intend to spend more than last year minus the percentage who intend to spend less than last year—is +20 (down from +26 in September).

- Considering regional net spending scores, residents of Alberta (+33) are most likely to spend more on day-to-day items in the next year than they did the year before, followed by residents of Ontario (+23), Atlantic Canada (+22), Saskatchewan/Manitoba (+16), Quebec (+14), and British Columbia (+10).
- Canadians between the age 18 and 34 (42%) are more likely than their elders (26%) to be spending more on day-to-day items in the next year, while Canadians 35 and older (61%) are more likely than their younger counterparts (47%) to be spending about the same amount.

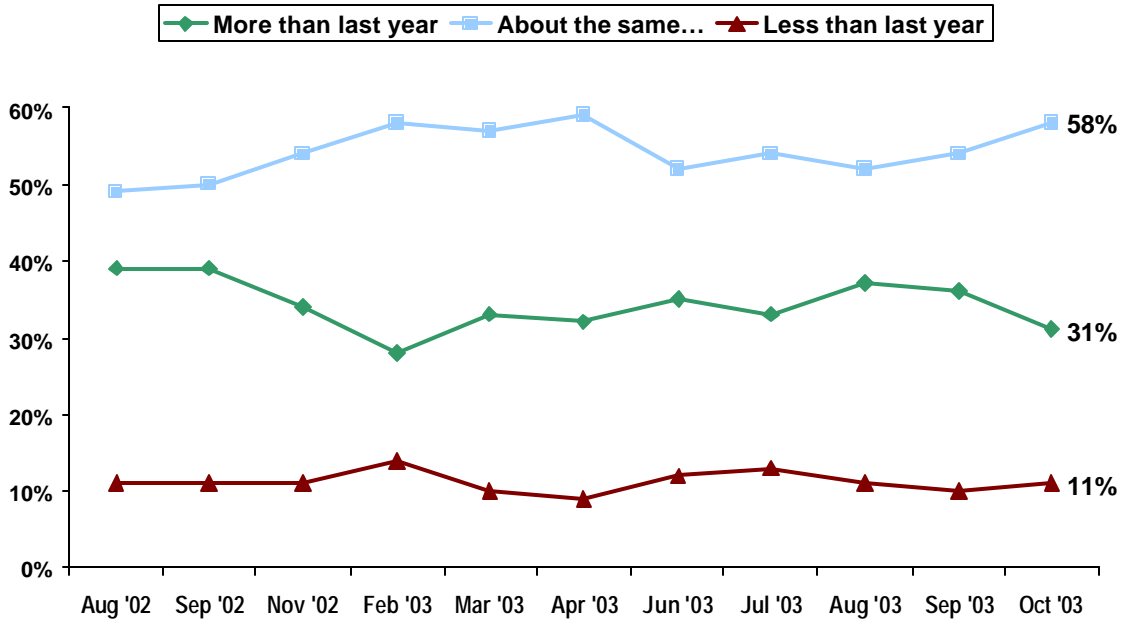
---

<sup>1</sup> August 2002-September 2003 the question was worded as follows: “And, thinking only about day-to-day expenses such as groceries, clothing or other personal goods and services, in the next year, do you expect that you and your family will be spending more than last year, about the same as last year, or less than last year?”

---



### Day-To-Day Expense Spending Intentions



### ***Ipsos-Reid Canadian Economic Confidence Index Slips 2.36 Points To 110.71***

The Ipsos-Reid Canadian Economic Confidence Index score for August 2002 is 100.00 because that was when it was first constructed; the chart below outlines how Canadians' economic outlooks has fluctuated since that time. The index for September 2003 (113.07) was a predictor for continuing positive descriptions of the current economy (73% "good/very good"). Today's index of 110.71 outlines the above-mentioned ongoing optimism with regards to the state of the economy for the year to come.

Upon examining the individual attributes that make up the index or economic confidence we learn that it continues to be primarily home purchasing intentions (+6.6% weighted change) and job security (+5.4% weighted change) that are fuelling the current confidence in the

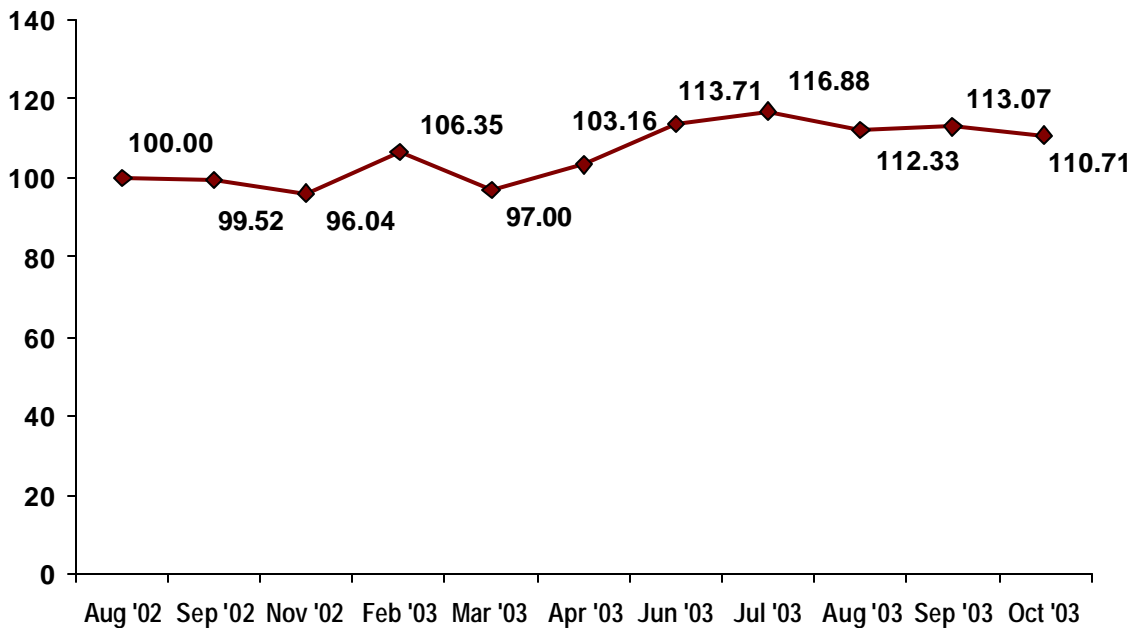
© Ipsos-Reid



economy, as well as expectations that interest rates will go down in the next six months (+3.9% weighted change).

Expectations that personal economic situation will improve (-1.2% weighted change), expectations about major purchases in the next year (-1.9% weighted change) and expectations about day-to-day spending in the next year (-2.1% weighted change) are factors that could soften the current optimism in the economy.

### The Ipsos-Reid Canadian Economic Confidence Index



*The Canadian Economic Confidence Index developed by Ipsos-Reid functions as a predictor for the Canadian economy. The index is based on the question: "Thinking about the next year or so, do you, yourself, generally feel that the Canadian economy will...improve, stay the same, or get worse?" The improvement of the economy is attributed to six features: one-year outlook for personal financial prospects; Canadians' job security; Canadians' home purchase intentions; Canadians' predictions for*



*interest rates; spending intentions on big-ticket items; and spending intentions on everyday items. These six attributes are then weighted for importance, which is based on the magnitude of difference between their assigned reward and penalty scores. % Expectations that own economic situation will improve makes up 16.6% of the index; Job security (% Yes) makes up 27.1% of the index; % Likely of purchasing a home in the next six months makes up 20.8% of the index; % Expectations about interest rates in the next six months (% will go down) makes up 12.9% of the index; % Expectations about major purchases in the next year (% spend more) makes up 12.8% of the index; and %Expectations about day-to-day expense spending in the next year (% spend more) makes up 9.8% of the index).*

**-30-**

***For more information on this news release, please contact:***

***John Wright  
Senior Vice-President  
Ipsos-Reid Public Affairs  
(416) 324-2900***

***For full tabular results, please visit our website at [www.ipsos-reid.com](http://www.ipsos-reid.com). News Releases are available at [http://www.ipsos-reid.com/media/content/PRE\\_REL.cfm](http://www.ipsos-reid.com/media/content/PRE_REL.cfm)***