

CANADIANS CONFIDENT ABOUT THE CURRENT ECONOMY AND YEAR AHEAD

*The Ipsos-Reid Canadian Economic Confidence Index Climbs 3.1
Points To 106.7*

*Positive Home Purchase Intentions, Low Job Anxiety, And A
Softening Of Interest Rate Concerns Main Contributors To
Overall Confidence*



Public Release Date: March 21, 2005 – 6:00 a.m. (EST)

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The Ipsos-Reid Canadian Economic Confidence Index Climbs 3.1 Points To 106.7

Positive Home Purchase Intentions, Low Job Anxiety, And A Softening Of Interest Rate Concerns Main Contributors To Overall Confidence

Toronto, ON- The latest Ipsos-Reid Economic Confidence Monitor, provided exclusively to the Report on Business section of the Globe and Mail and Report On Business Television (ROBTv), indicates that Canadians continue to be optimistic about the current economy and the year ahead. Today, 78% of Canadians describe the current economy as good, virtually unchanged from the 81% witnessed in November 2004. In addition, 27% think the national economy will “improve” over the next year or so (a slight dip from 34% in November) and another 52% think the economy will “stay the same.”

The Canadian Economic Confidence Index developed by Ipsos-Reid has risen 3.1 points from 103.6 in November to 106.7 today. The index functions as a predictor for the Canadian economy. The index is based on six key factors that influence Canadians’ expectations of whether the Canadian economy will improve, stay the same or get worse in the next year or so. These factors are: Expectations that one’s own economic situation will improve/worsen; job anxiety; likelihood of purchasing a home in the next six months; expectations of change in interest rates in the next six months; and expectations of spending more/less big-ticket items; and on day-to-day spending.

Positive home purchasing intentions and low job anxiety continue to give the Canadian Economic Confidence Index a strong push, slightly more so than in November 2004. Today,

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15% of Canadians say they are likely to purchase a new or another home right now (7% “very likely”) and, just 17% of Canadians are worried about either themselves or someone in their household losing their job.

An expectation that one’s personal economic situation will improve remains a nominally positive attribute. Slightly more than one-third (36%) of Canadians think their personal economic situation will “improve,” while only 12% think it will “get worse.”

Interest rate predictions remain the most negative factor, but much less so than in November. Today, 50% of Canadians thinks interest rates will “go up” in the next six months, down 18 percentage points from November 2004 (68%). And, 41% believe rates will “remain unchanged,” up from 25% in November. Just 6% of Canadians think rates will “go down” (4% in November).

Expectations about everyday purchase intentions and big-ticket spending in the next year continue to soften economic confidence, as they have since August 2002. Three in ten (29%) Canadians say they plan to spend more on big-ticket items such as a car, household appliances, or vacations the next year than they did last year, while the same proportion (27%) says they expect to spend less than they did last year. And, 30% of Canadians say they expect to spend more on things such as groceries, clothing or other personal goods and services than last year, while 13% says they plan to spend less.

These are the findings of an Ipsos-Reid poll conducted from February 25th to February 27th, 2005. For the survey, a representative randomly selected sample of 1000 adult Canadians was interviewed by telephone. With a sample of this size, the results are considered accurate to within ± 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 weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 2001 Census data.

Eight In Ten (78%) Canadians Continue To Describe The Current Economy As Good

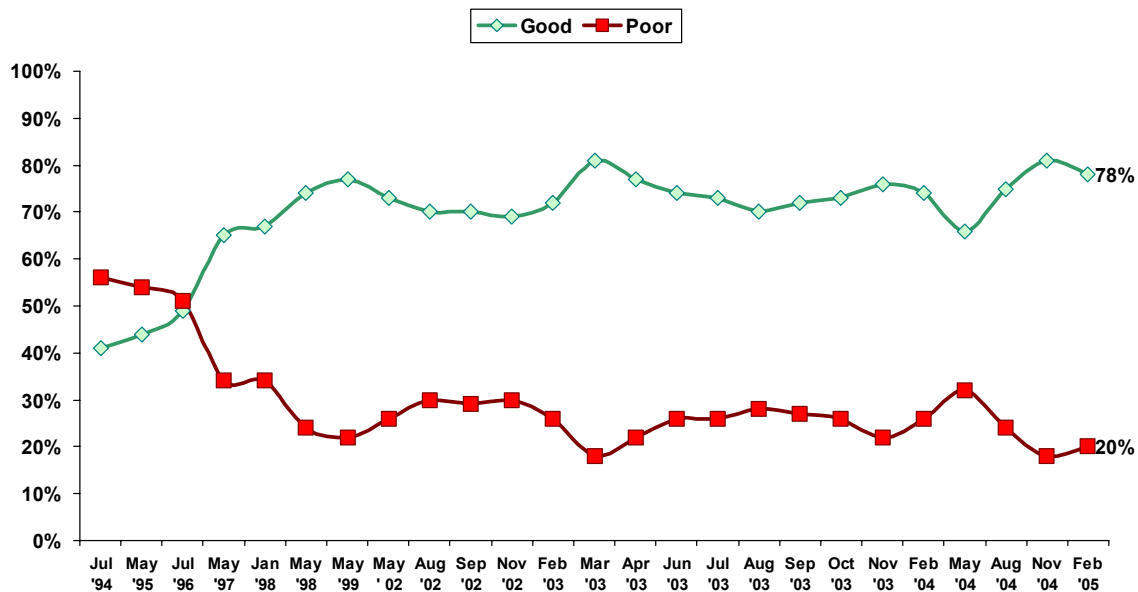
Eight in ten (78%) Canadians describe the current economy as good (69% “good,” 9% “very good”), unchanged from up from 81% in November 2004. Two in ten (20%) think the current economy is poor (16% “poor,” 4% “very poor”), also unchanged from November (18%). The remaining 2% of Canadians “don’t know” how they would describe the overall state of the Canadian economy right now.

- Residents of Atlantic Canada (86%), Alberta (84%), British Columbia (83%), and Ontario (81%) are more likely than residents of and Quebec (69%) and Saskatchewan/Manitoba (73%) to say the current Canadian economy is good.
- Men (81%) continue to be more likely than women (75%) to think the current economy is good.
- The propensity to describe the current economy as good continues to increase with level of education: 54% of Canadians with less than a high school education think the economy is good; 76% of those with a high school diploma say the same; 78% of Canadians with a college diploma/some university say the same; and 90% of university graduates think the current economy is good.
- The likelihood of thinking the current economy is good also increases with annual household income: 62% of Canadians with an annual household income of less than \$30,000 think the economy is good; 81% of Canadians with an annual household



income of \$30,000-\$59,999 think so; and 87% of Canadians with an annual household income of \$60,000 or greater think the current economy is good.

Overall State Of The Canadian Economy



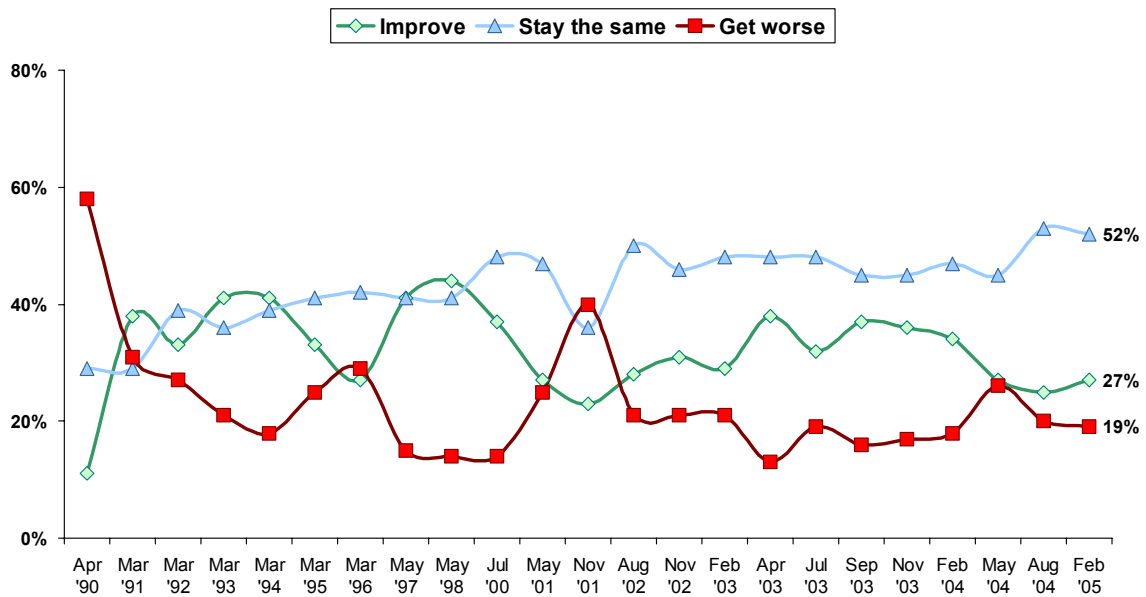


Three In Ten (27%) Canadians Think National Economy Will “Improve” Over Next Year, Two In Ten (19%) Think It Will “Get Worse”

Three in ten (27%) Canadians think the national economy will “improve” over the next year or so, back down from the incline witnessed in November 2004 (34%). Two in ten (19%) think the economy will “get worse” (16% in November) and half (52%) of Canadians think the economy will “stay the same” over the next year or so (50% in November). Two percent are unsure of the outcome of the economy for the next year or so. The net score—the percentage who think the economy will “improve” minus the percentage who feels it will “get worse”—is +8, down from +18 in November.

- Residents of Atlantic Canada have the highest net score (+24), followed by residents of British Columbia (+13), Alberta (+8), Ontario (+7), Quebec (+2), and finally Saskatchewan/Manitoba (-3).
- Residents of Saskatchewan/Manitoba have had the largest change of opinion (-33 percentage points), followed by residents of British Columbia (-21), Ontario (-10), Alberta (-9), and Quebec (-5) and Atlantic Canada (+5).

One Year Outlook For The Canadian Economy





The Canadian Economic Confidence Index Up 3.1 Points To 106.7

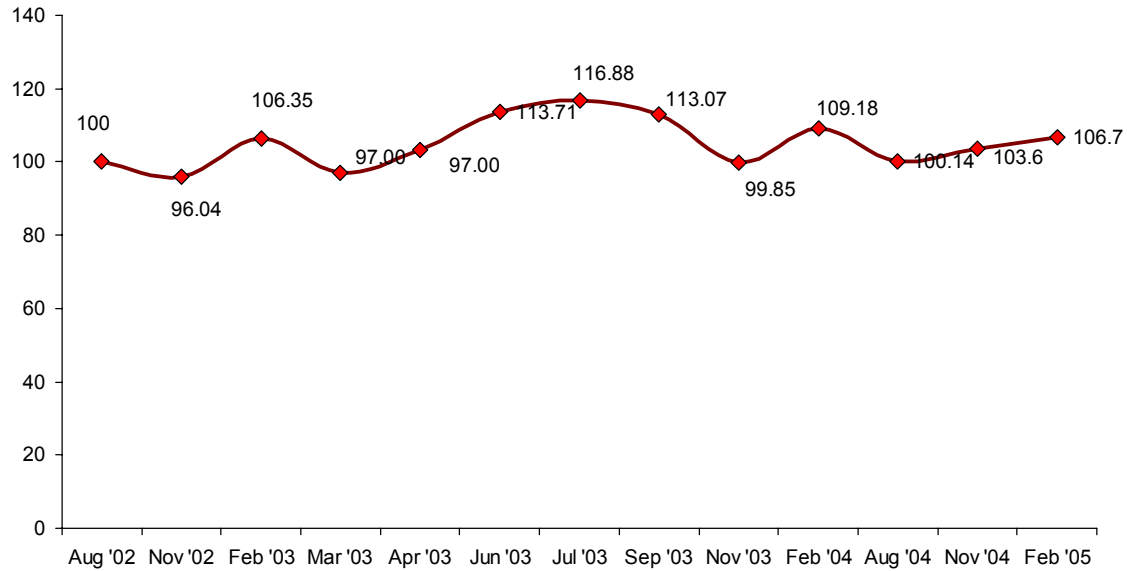
The Ipsos-Reid Canadian Economic Confidence Index score for August 2002 is 100.00 because that was when it was first constructed; the chart below outlines how Canadians' economic outlooks have fluctuated since that time. Today's index of 106.7 suggests a slight increase in economic confidence, which is a result of both a strengthening of some of the positive factors and a softening of some of the negative factors since our last wave of interviewing.

Positive home purchasing intentions (+8.6% weighted change) and low job anxiety (+7.0% weighted change) continue to give the Canadian Economic Confidence Index a strong push, slightly more so than in November 2004. These two factors have had a positive influence on the index since it began, except in June 2003 when home purchase intentions dampened optimism ever so slightly. An expectation that one's personal economic situation will improve remains a nominally positive attribute (+0.1% weighted change).

Interest rate predictions remains the most negative factor (-5.1% weighted change), but much less so than in November. Expectations about everyday purchase intentions (-2.4% weighted change) and big-ticket spending in the next year (-1.5% weighted change) continue to soften economic confidence, as they have since August 2002.



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 six key factors that influence Canadians' expectations of whether the Canadian economy will improve, stay the same or get worse "in the next year or so." The six factors are: Expectations that one's own economic situation will improve/worsen; worry that someone in the household will lose their job; likelihood of purchasing a home in the next six months; expectations of changes in interest rates in next six months; and expectations of spending more/less on big-ticket items, and on everyday items.

In calculating the Index, the six attributes are weighted by their relative importance in influencing overall confidence in the economy: Expectations that own economic situation will improve/worsen -- 16.6%; job anxiety -- 27.1%; likelihood of purchasing a home in the next six months -- 20.8%; expectations of change in interest rates in the next six months -- 12.9%; and expectations of spending more/less big-ticket items -- 12.8% and on day-to-day spending 9.8%.



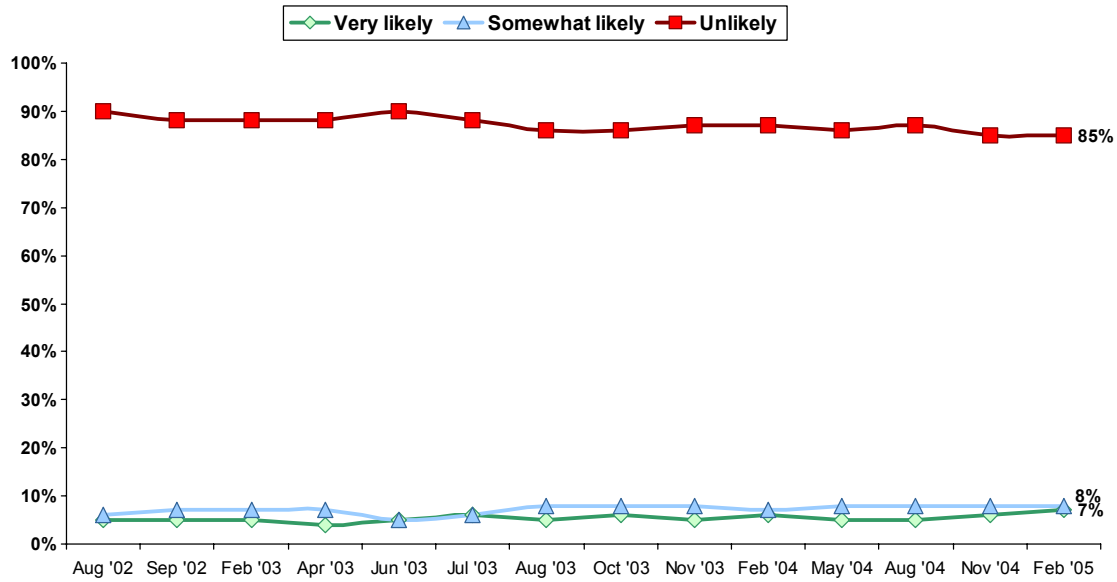
Home Purchase Intentions Remain Positive...15%Of Canadians Likely To Buy At This Time, 7% “Very Likely”

One in seven (15%) Canadians is likely to purchase a new or another home at this time (7% “very likely,” 8% “somewhat likely”). Those who say they are “very likely” tend to follow through more consistently on their intentions. These findings have remained virtually unchanged since the question was first asked of Canadians in August of 2002. Today, 12% of Canadians say they are “not very likely” to buy a home at this time and three-quarters (74%) say they are “not likely at all.”

- Home purchase intentions remain fairly consistent across the regions: 21% likely to buy in Alberta, 17% in British Columbia, 17% in Saskatchewan/Manitoba, 14% in Ontario, 13% in Atlantic Canada, and 12% in Quebec.
- Canadians between the ages of 18 and 34 (23%) continue to be the most likely to be purchasing a home right now, followed by Canadians aged 35-54 (14%), and finally Canadians 55 years of age or older (7%).
- Canadians with an annual household income of \$30,000 or greater (17%) are slightly more likely than those with less (9%) to be likely to purchase a home at this time



Home Purchase Intentions





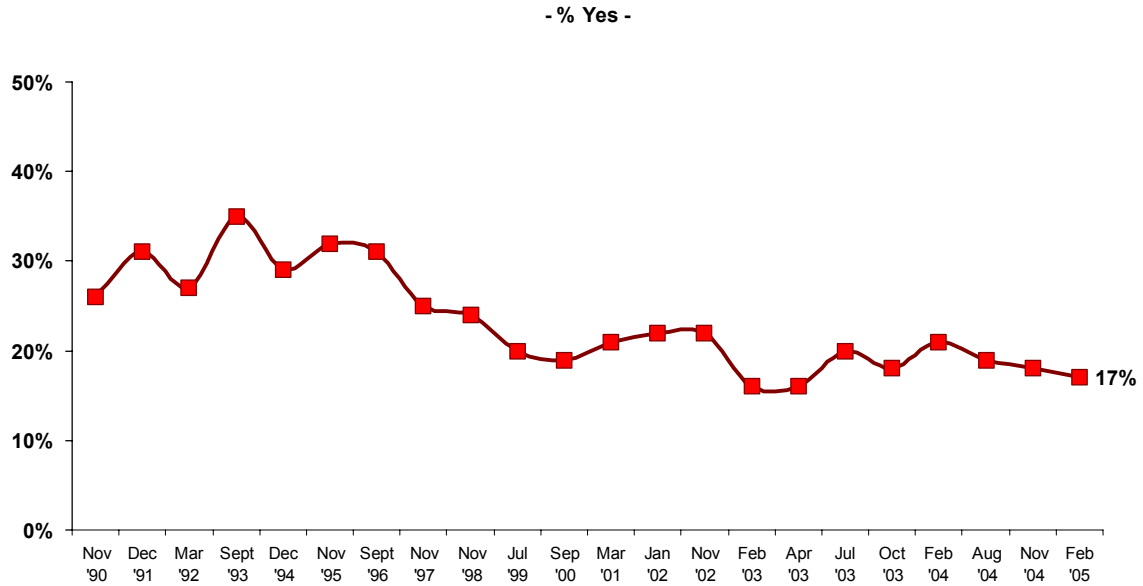
Job Anxiety Remains Low... Just 17% Worried About Job Loss

Approximately two in ten (17%) Canadians are worried about either themselves or someone in their household losing their job, unchanged from November 2004 (18%). Eight in ten (82%) are not worried (unchanged) and 1% doesn't know. Job anxiety was at its highest in September 1993 (35%) and at its lowest in February (16%) and April (16%) of 2003.

- Low job anxiety is consistent across the regions: 22% are worried in British Columbia, 19% in Ontario, 16% in Quebec, 14% in Alberta, 12% in Saskatchewan/Manitoba, and 11% in Atlantic Canada.
- Canadians 35-54 years of age (23%) continue to be more likely than young adults (16%) and those who are older (9%) to be worried about losing their job or someone in their household losing their job.



Canadians' Job Anxiety





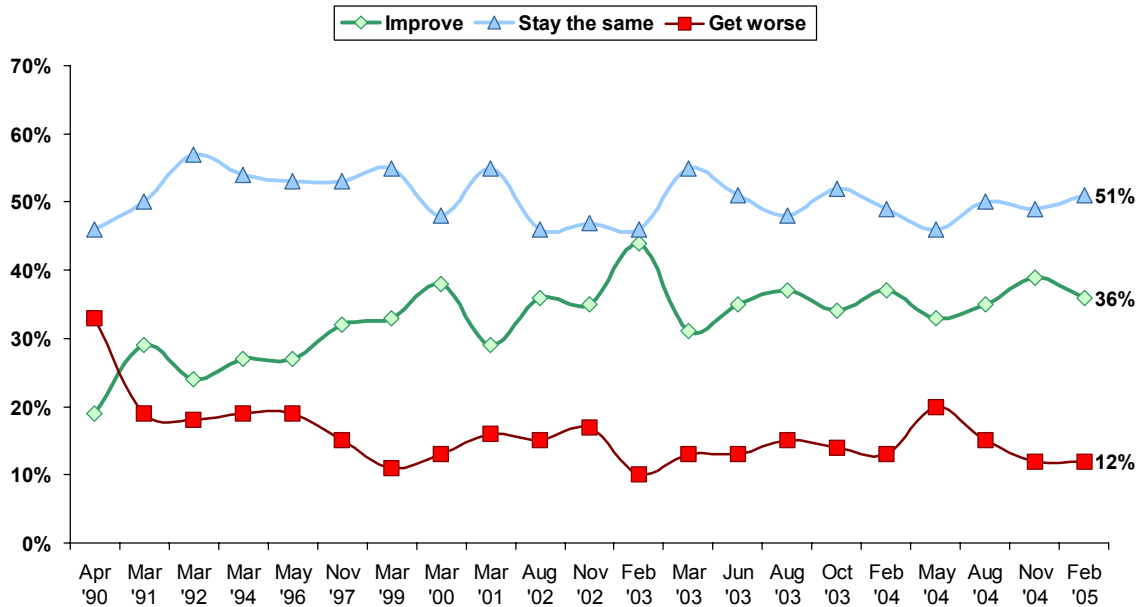
Three Times As Many Canadians Think Their Personal Economic Situation Will “Improve” (36%) Than Think It Will “Get Worse” (12%)

Slightly more than one-third (36%) of Canadians think their personal economic situation will “improve,” virtually unchanged from November 2004 (39%). This compares to just 12% who think their situation will “get worse” (unchanged). Half (51%) of Canadians think their personal economic situation will “stay the same” (49% in November) and 1% is unsure. The net score—the percentage that feels it will “improve” minus the percentage that feels it will “get worse”—is +24 (virtually unchanged from +27 in November).

- Residents of Ontario have the highest net score (+32), closely followed by residents of Alberta (+30), Saskatchewan/Manitoba (+25), Atlantic Canada (+23), British Columbia (+22), and Quebec (+13).
- Canadians 18-34 years of age have the highest net score (+47), followed by those 35-54 years of age (+25), and those 55 years of age or older (+5).
- Net scores increase with level of annual household income: +11 for Canadians with an annual household income of less than \$30,000, +23 for those with \$30,000-\$59,999, and +35 for those with an annual household income of \$60,000 or greater.



One Year Outlook For Personal Financial Prospects



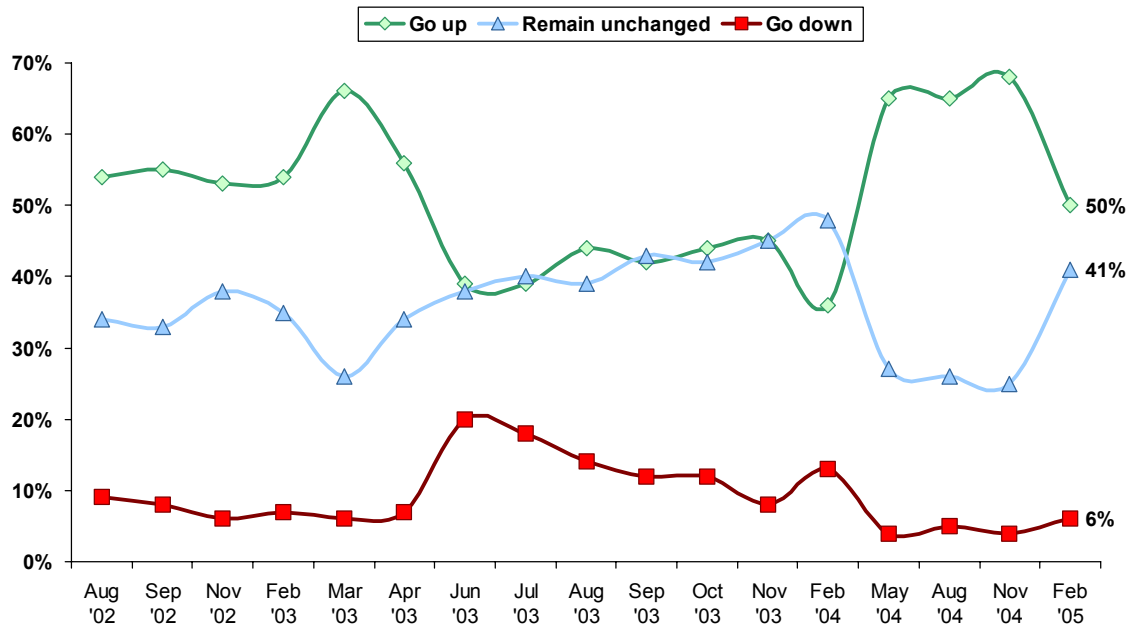


Half (50%) Of Canadians Think Interest Rates Will Go Up In The Next Six Months, Down From 68% In November

Today 50% of Canadians believe interest rates will “go up” in the next six months, down 18 percentage points from November 2004 (68%). Four in ten (41%) believe rates will “remain unchanged” (up from 25% in November), while 6% think rates will “go down” (4% in November). The remaining 3% are unsure of what will become of interest rates in the next six months. The net score—the percentage who think rates will “go down” minus the percentage who feel they will “go up”—is -44 (up 20 points from -64 in November).

- Residents of Alberta (60%) and British Columbia (56%) are most likely to predict an increase in interest rates in the next six months, followed by residents of Quebec (49%), Atlantic Canada (48%), Saskatchewan/Manitoba (48%), and Ontario (47%).
- Regionally, the proportion that believes rates will “go up” today versus those who thought so in November has dropped most in Ontario (-24 percentage points). This compares to Quebec (-13), Atlantic Canada (-14), Saskatchewan/Manitoba (-15), Alberta (-15), and British Columbia (-17).
- Canadians 18-34 years of age (57%) are more likely than their elders (48%) to think rates will “go up,” while Canadians 35 years of age or older (45%) are more likely than those 18-34 years of age (33%) to think rates will “remain unchanged.”

Six-Month Outlook For Interest Rates





Day-To-Day Spending Intentions Remain Unchanged... 30% Expect To Spend More Than Last Year, 13% Plan To Spend Less

Three in ten (30%) Canadians say they expect to spend more on things such as groceries, clothing or other personal goods and services than last year (unchanged from November 2004—32%), while 13% says they plan to spend less (also unchanged—11%). Nearly six in ten (57%) Canadians say they intend to spend about the same amount on everyday items this year as they did last year (unchanged).¹ The net score—the percentage that intends to spend “more than last year” minus the percentage that intends to spend “less than last year”—is +17 (+21 in November).

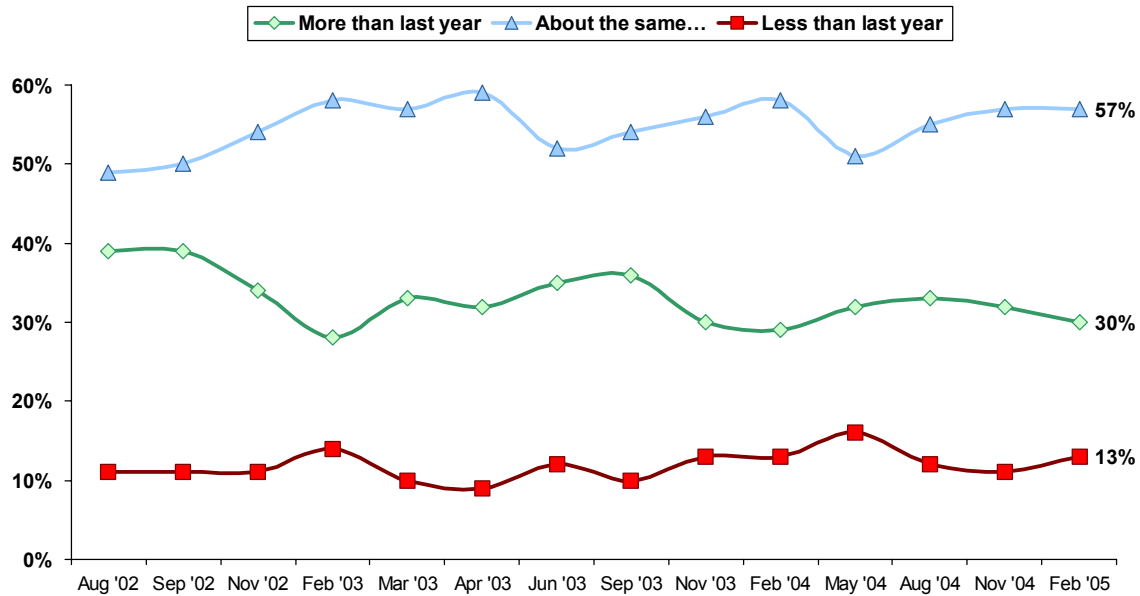
- Considering regional net spending scores, residents of Alberta (+37) continue to be most likely to expect to spend more on day-to-day items in the next year than they did the year before, followed by residents of Saskatchewan/Manitoba (+29), Atlantic Canada (+18), British Columbia (+17), Ontario (+14), and Quebec (+11).
- Women (33%) are slightly more likely than men (27%) to expect to spend more on day-to-day items in the next year than they did the year before, while men (62%) are more likely women (54%) to say they expect to spend the same amount.
- Canadians with an annual household income of less than \$60,000 (33%) are more likely than those with a higher household income (25%) to say they expect to spend more, while

¹ 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?” October 2003-Present the question was worded as follows “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?”



those with an annual household income of \$60,000 or greater (63%) are more likely than those with less (52%) to say they expect to spend about the same amount.

Day-To-Day Spending Intentions





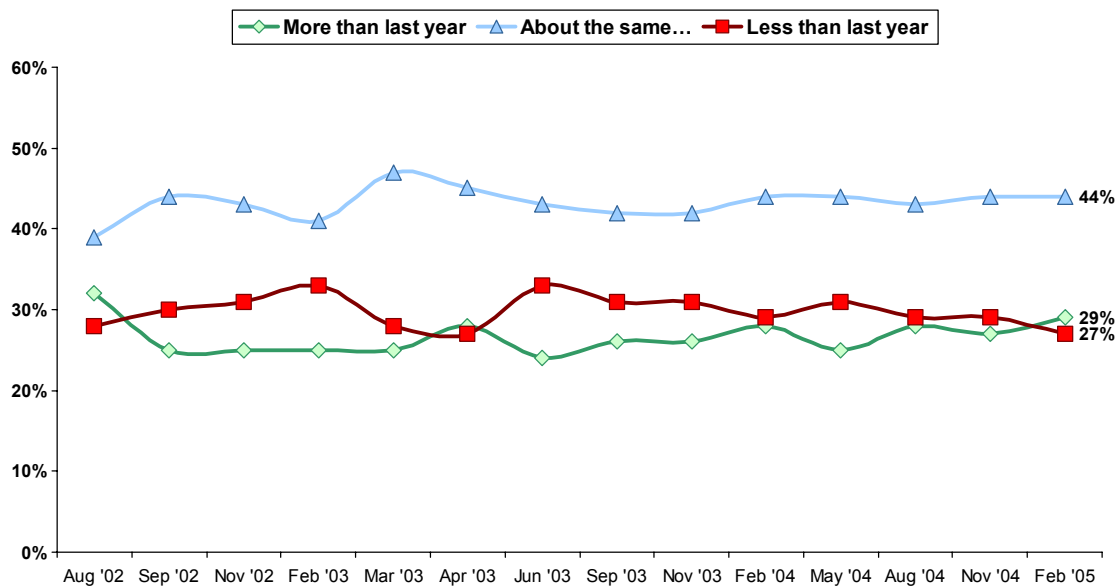
Big-Ticket Spending Intentions Remain Stable...29% Plan To Spend More Than Last Year, 27% Expect To Spend Less

Three in ten (29%) Canadians say they plan to spend more on big-ticket items such as a car, household appliances, or vacations in the next year than they did last year (unchanged from November 2004 – 27%), while the same proportion (27%) says they expect to spend less on major purchases than they did last year (also unchanged – 29%). The remaining 44% say they expect to spend about the same amount (unchanged). Therefore, the net score – the percentage that intends to spend “more than last year” minus the percentage that intends to spend “less than last year” – is +2 (-2 in November).

- Considering regional net spending scores, residents of British Columbia (+10), Saskatchewan/Manitoba (+9), and Ontario (+7) are most likely to expect to be spending more on big-ticket purchases, while residents of Quebec (-10) and Alberta (-3) are more likely to be cutting back. The net score for Atlantic Canada is 0.
- Canadians between the ages 18 and 34 (42%) continue to be more likely than their elders (23%) to expect to be spending more on major purchases in the next year.
- Canadians with at least some post secondary education (32%) are more likely than those with less (21%) to expect to be spending more on big-ticket purchases.
- Canadians with an annual household income of less than \$60,000 (30%) are more likely than those with more (21%) to expect to be spending *less* on major purchases in the next year.



Major Purchase Spending Intentions



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