

# RBC Canadian Consumer Outlook Index Rises as Fewer Shoppers Delaying Major Purchases Job Anxiety Drops

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Everyday Chequing (52%) and Savings (23%) Accounts  
Fewer Primarily Used Credit Cards (20%), Line of Credit (3%)  
or Annual Bonus (2%)*

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**Toronto, ON** – The RBC Canadian Consumer Outlook index has been given a shot in the arm over the last month rising from its baseline of 100 points to 108 points, in part driven by consumers being less reluctant to delay their major purchases and a significant drop in job anxiety. The RBC CCO is a monthly national survey of consumers attitudes on the current and future state of local and national economies, personal financial situations, savings and confidence to make large purchases and investments.

With November being the inaugural edition of the index, the baseline for the overall index and three sub-indices was set at 100. Reflecting a more positive assessment of the economy and optimism for the future, the overall index has risen to 108 points, driven primarily by the current conditions index which has risen to 117 points. The investments index rose to 109 points, while the expectations index increased slightly to 103 points.

Whereas last month nearly two in three (63%) Canadians indicated that they were delaying major purchases such as a car, appliances or vacation as a result of the current economic

conditions, it appears that the Christmas spirit has instilled a greater sense of confidence in many consumers, as only 47% (down 16 points) now say that they will delay major purchases due to the economy. In fact, perhaps taking advantage of great deals and incentives, 5% intend to make major purchases sooner than they otherwise might have. In contrast, 48% of consumers say that their major purchasing decisions are unaffected (for the better or worse) by the current economy, up from 34% last month.

While Canadians are currently split on whether the state of the current economy is 'good' (51%) or 'bad' (49%), six in ten (60%) expect that the economy will improve over the next year compared to just two in ten (17%) who believe it will worsen.

Furthermore, while four in ten (39%) believe that their personal financial situation is worse than three months ago (on par with November results), Canadians are becoming more optimistic that their personal situation will improve over the next three months (30%, up 3 points) and the next year (43%, up 5 points).

In terms of what is causing fewer Canadians to scale back their spending and delay making major purchases, it's likely a function of the significant decrease in job anxiety witnessed across the country over the last month. Just two in ten (21%) Canadians say that they or someone in their family is worried about losing their job or being laid off, down from 27% in November, and roughly on par with where job anxiety stood at this time last year (22%).

The most pronounced decreases in job anxiety are witnessed in Atlantic Canada (10%, down 14 points), Alberta (28%, down 9 points) and Ontario (21%, down 8 points), while more modest decreases are evidenced in Saskatchewan and Manitoba (7%, down 5 points) and Quebec (21%, down 4 points). Only in British Columbia (29%) did job anxiety not decrease at

all, making it the jurisdiction that has the highest percentage of Canadians who fear a job loss within their family.

Bank of Canada Governor Mark Carney has been giving Canadians stern warnings about taking on too much debt in these times of low interest rates, for fear of the debt becoming unmanageable in times of higher interest rates. To this effect, a majority (57%) of Canadians are expecting interest rates to rise in the next six months, compared to just 5% who believe rates will go down and 38% who think rates will remain unchanged.

Perhaps heeding Governor Carney's warnings, the data suggest that most Canadians are trying to avoid accumulating debt as a result of the holiday season, with three quarters (75%) indicating that they would finance most of their holiday spending using regular day-to-day chequing accounts (52%) or savings accounts (23%), while 2% will use their annual bonus. However, some indicated that they had the intention to use credit to finance their holiday spending: one in five (20%) would use their credit cards, and 3% would use their line of credit.

Four in ten (42%) Canadians expect to be shopping for post-holiday deals in January, with a majority (52%) of those aged 18 to 34 indicating that they'll be hunting for bargains in January.

*These are some of the findings of the Ipsos Reid RBC Canadian Consumer Outlook poll conducted between December 8-11, 2009, on behalf of RBC. For this survey, a national sample of 1,076 adults from Ipsos' Canadian online panel was interviewed online. Weighting was then employed to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. A survey with an unweighted probability sample of this size and a 100% response rate would have an estimated margin*



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*of error of +/-3.1 percentage points 19 times out of 20 of what the results would have been had the entire population of adults in Canada been polled. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.*

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