# RBC Canadian Consumer Confidence Index Dips as More Consumers Put Major Purchases on Hold, Job Anxiety Rises

## *While Underlying Fundamentals of Financial Comfort Slowly Improve, Canadians Perceive Weakness in Economy as Overall Assessment Drops to 48% (down 3 points)*

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## *While Underlying Fundamentals of Financial Comfort Slowly Improve, Canadians Perceive Weakness in Economy as Overall Assessment Drops to 48% (down 3 points)*

**Toronto, ON –** The RBC Canadian Consumer Outlook Index has dipped two points over the last month falling from 108 points to 106 points, in part driven by more consumers putting major purchases on hold and rising job anxiety. The RBC CCO Index, conducted by Ipsos Reid, is a monthly national survey of consumer's attitudes on the current and future state of local and national economies, personal financial situations, savings and confidence to make large purchases and investments.

Apparently failing to see any significant improvement in the economy, the overall index has dipped to 106 points (down 2 points), driven primarily by the current conditions index which has slid from 117 points to 109. Keeping their optimism in line with December's level, the expectations index has held steady at 103. Continuing to see an improvement in their personal finances and investments going forward, the investments index has risen from 109 to 116.

The data revealed an underlying worry, perhaps one that has probably been exacerbated by - holiday spending now showing on credit card statements. Six in ten (58%) Canadians are concerned (20% very/38% somewhat) about their current level of debt, compared to just 42% who are not. Interestingly, women (61%) are more likely than men (55%) to be concerned about their current debt load.

Thinking about at what age they expect to have their debt paid off (or at what age they became debt free), the average Canadian expects to become debt free at age 57. Particularly interesting is that those aged 18 to 34 expect to become debt free much earlier in life (age 43 on average) than those aged 35 to 54 (age 59) or 55+ (age 66). This could mean two things: first, that young Canadians intend to live differently than older generations and not take on as much debt or pay it off sooner; or—and probably more likely—that retiring one's debt has taken longer than most people anticipated it would earlier in their life.

December is over and the shot in the arm that came with ramped up spending heading into the holidays season and optimism for the new year has been hampered by further job losses, a lack of improvement in the overall employment figures in December, and very sluggish economic growth, according to statistics Canada.

While the proportion of Canadians delaying purchases in December due to the economic conditions had dropped to 47% from 63%, now that the holiday season is over Canadians have once again instituted a sense of consumer restraint, as 56% say they will delay major purchases due to the current economic conditions. Conversely, 7% will make purchases sooner as a result of the economy, perhaps taking advantage of bargains and sales. Only four in ten (37%) say the timing of their purchases is unaffected by the economy.

Purchasing intentions appear to be moving in lockstep with job anxiety, as 26% of Canadians (up 5 points from December) say that they or someone in their household is worried about losing their job. Job anxiety is up across the country and is highest in British Columbia (32%,

+3) and Alberta (31%, +3), followed by Quebec (26%, +5), Ontario (25%, +4), Saskatchewan and Manitoba (19%, +12) and Atlantic Canada (18%, +8).

Overall, just 48% of Canadians say that the economy is in good shape, down 3 points from December and down 14 points from its high point for the year in July. In fact, the only time when the assessment has been worse was in the early 90s, and at the start of 2009. Residents of Saskatchewan and Manitoba (68%) are most likely to say the current state of the economy is good, while those living in Alberta (55%), Ontario (47%), Atlantic Canada (46%), Quebec (44%) and British Columbia (43%) are less likely.

But looking ahead, Canadians remain optimistic for the economy over the next three months (37% believe it will improve) and over the next year (56% believe it economy will improve), although optimism is down by 3 points in the near term and 4 points over the next year.

Canadians are optimistic for the future on account of two likely reasons: first, things hopefully can't get much worse than they are or have been, and, second, they perceive an improvement, albeit a modest one, in their personal financial position. For example 21% say that compared to three months ago their financial situation is improving (up 4 points from November). Further, 32% believe that their financial situation will improve in the next three months (up from 5 points from November), and 45% believe their situation will improve over the next year (up 7 points from November).

*These are some of the findings of the Ipsos Reid RBC Canadian Consumer Outlook Index conducted between January 8-14, 2010, on behalf of RBC. For this survey, a national sample of 1,014 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 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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