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Quarter Believe the Economy is in Good Shape,
Job Anxiety Rises to 22% (+2)*

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Ipsos Reid

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Toronto, ON – Canadian economic confidence has dropped in the last three months amid uncertainty over the tenuous economic recovery according to the quarterly RBC Canadian Consumer Outlook Index conducted by Ipsos Reid. The overall index, benchmarked at 100 in November, 2009, has dropped 14 points since June and now sits at 94 points – the first time in nearly a year that the index has dropped below its baseline, highlighting the precarious economic recovery in which Canadians find themselves.

The overall index was dragged down by all three sub-indices which measure various components of Canadians economic outlook and security:

- Perceiving a souring of economic conditions over the last three months, the current-conditions sub-index has dropped 19 points to sit at 107.
- Expectations for a quick and robust recovery are also faltering, with the expectations sub-index dropping 15 points and now sitting at 78 points. Canadians are much less optimistic for the future currently than they were in the fall of last year.
- Canadians' also perceive that their investments have been taking a hit as of late, with the investments sub-index dropping 5 points to rest at 93.

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Overall, just six in ten (60%) Canadians believe that the state of the economy is 'good' (2% very/58% somewhat), down 7 points from last quarter. Leading the country with a rosier assessment of current economic conditions is residents of Saskatchewan and Manitoba (78%), Atlantic Canada (68%) and Alberta (67%), while Quebecers (58%), Ontarians (57%) and British Columbians (53%) are less positive about the current state of the economy.

The proportion of Canadians families who say that they or someone in their household is worried about losing their job also on the rise again, climbing 2 points to 22%. Leading the country in anxiety are Ontarians (26%), followed by those living in British Columbia (23%), Alberta (22%), Atlantic Canada (18%), Quebec (17%) and Saskatchewan and Manitoba (14%).

Focusing on their own financial situation, just two in ten (21%) believe that it has improved in the last three months, while slightly more (26%) think it will improve in the next three months. Optimism is higher, though, over the next year (39%).

With regards to their local economy, only 20% of Canadians believe that the economy in their local city or town has improved in the last three months, and few (19%) are optimistic that things will get better in the next three months.

However, the outlook for the national economy appears to be brighter. While three in ten (27%) believe that it has improved in the last three months (outweighed by the 35% who think it worsened), those who believe it will improve in the next three months outweigh those who believe it will worsen (26% improve vs. 22% worsen). Prospects for the national economy over the net year are even better: nearly one half (46%) foresee an improvement while just two in ten (22%) believe it will worsen in the next year.

With expectations for a strong rebound softening over the last two quarters, Canadians are less convinced that interest rates will continue to rise. Two thirds (66%) believe that rates will rise over the next six months, down 18 points since last quarter. Three in ten (28%) believe rates will remain unchanged, and 6% think rates will actually be lowered.

Canadians and Debt Management...

Thinking about their financial priorities for the next year or so, a majority (51%) of Canadians indicate that they are focused on reducing their debt load. Others say they'll spend less (39%), save or invest more (33%), or focus on some other priority (13%).

Just two in ten (22%) Canadians do an annual credit or debt review to ensure that they are on the right track with their debt management. Although not a formal process, most (60%) say that while they don't do one annually, they keep close track of their debt. Two in ten (18%), however, didn't know that this was something that they should be doing.

A majority (59%) of Canadians aren't confident that they are managing their debt well. More specifically, while four in ten (41%) are confident in this regard, others confess that they're okay but could be doing better (36%), that they're just keeping their head above water (17%), that they're not so good and don't know where to start (3%), or that they're terrible at managing their debt (3%).

These are some of the findings of the Ipsos Reid RBC Canadian Consumer Outlook Index conducted between September 1-9, 2010, on behalf of RBC. For this survey, a national sample of 4,292 adults from Ipsos' Canadian online panel was interviewed online (642 British Columbia, 473 Alberta, 500 Saskatchewan and Manitoba, 1360 Ontario, 848 Quebec, 469 Atlantic Canada). 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 +/-1.5 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. The national index is benchmarked to a baseline of 100 assigned in November 2010; the six regional indices are benchmarked to a baseline of 100 in March, 2010.

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