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*While Job Anxiety Has Dropped,
Canadians Sober to the Realities of Slow Recovery to This Point*

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Ipsos Reid

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*While Job Anxiety Has Dropped,
Canadians Sober to the Realities of Slow Recovery to This Point*

Toronto, ON – Canadians are less optimistic than they were a year ago about the future of the Canadian economy, according to the RBC Canadian Consumer Outlook Index conducted by Ipsos Reid. The poll of 3,533 Canadians across the country has revealed that just four in ten (43%) believe that the Canadian economy will improve over the next year, a sharp decline from the majority (56%) of Canadians who, in January of 2010, thought that the economy would improve. Those living in Alberta (61%) are by far the most likely to believe that the national economy will improve in 2011, while only a minority of those living in Saskatchewan and Manitoba (49%), British Columbia (46%), Atlantic Canada (44%), Ontario (42%) and Quebec (32%) believe the same.

In fact, just six in ten (60%) Canadians believe that the economy is in ‘good’ (3% very/57% somewhat) shape, virtually unchanged over the last six months, while four in ten (40%) think it’s in a ‘bad’ (5% very/35% somewhat) state. Residents of Saskatchewan and Manitoba (77%) as well as Alberta (75%) have a much rosier assessment of the economy than their fellow Canadians living in Atlantic Canada (66%), British Columbia (62%), Ontario (55%) and Quebec (55%).

The overall index, benchmarked in November of 2009, now sits at 93 points, down from 106 points in January of last year. The overall index is comprised of three sub-indices which

assess Canadians opinions on various measures of the current state of the economy, their expectations and outlook, and their attitudes towards their investments and markets:

- The current conditions sub-index currently sits at 105, down 4 points from January 2010.
- The expectations sub-index is registering 80 points, down significantly from 103 a year ago.
- The investments sub-index is at 100 points, down from 116 points at the start of last year.

Canadians are also less optimistic about the future of their own personal financial situation now than they were a year ago, as only four in ten (38%) believe that their own financial situation will improve over the next year, down from nearly half (45%) who thought the same one year ago. Albertans (48%) are most optimistic about the future of their own personal situation, while Atlantic Canadians (44%), residents of Saskatchewan and Manitoba (40%), British Columbia (38%), Ontario (36%) and Quebec (35%) are more pessimistic.

While Canadians seemingly have failed to see any marked improvement in the economy over the last year and have adjusted their outlook as a result, the silver lining in the cloud is that job anxiety is down significantly from where it was at this time last year. Two in ten (20%) Canadians say that they or someone in their family is worried about losing their job or being laid off, down six points from one year ago. Job anxiety remains the highest, though, in Ontario (23%), which is holding up the national average, as British Columbia (19%), Alberta (19%), Atlantic Canada (19%), Quebec (17%), and Saskatchewan and Manitoba (15%) are all below the national average.

One in Three (33%) Canadians Overspent on the Holidays...

One in three (33%) Canadians say they spent more than they intended to during the holiday season, while two in three (67%) managed to keep within their intended amount. Among those who overspent, the average Canadian spent \$429 over their budget. In order to get back on track after blowing their holiday budget, nearly half (45%) of Canadians will cut back on their entertainment spending, while others will get back on track by cutting their day-to-day expenses (41%), using their credit card less (34%), cutting back on their lunch and coffee money (31%), or using their line of credit less (16%). One in ten (14%) have no idea where they'll start in order to get back on track, while 7% say they won't cut back and just won't get back on track.

Among the majority of Canadians who managed to stay on track during the holidays, nearly half (46%) said that their motivation was not wanting to go into debt or increase their debt load by overspending. Nearly two in ten (28%) said they managed not to overspend by keeping track of their spending by making a budget and sticking to it, while a similar proportion (26%) knew how much they had to spend, and once the money was gone that was it. One in ten (11%) kept a savings goal in mind that they wanted to reach and always kept that goal in mind.

Spending Intentions for 2011...

One of the major drivers for the economy is consumer spending, and the results of the poll reveal that some Canadians plan to loosen their purse strings in 2011. Two in ten (20%) Canadians, overall, say that they will spend more than last year (5% much more/15% a little more) on major purchases such as buying a car, household appliances or vacation spending, with Atlantic Canadians (24%) being the most likely to say so, followed by those living in



Saskatchewan and Manitoba (23%), Alberta (21%), British Columbia (20%), Ontario (19%) and Quebec (17%).

One in three (35%) say they'll spend the same as last year, while nearly half (46%) claim that they'll spend less than they did last year on major purchases such as a buying a car, household appliances or vacation spending.

These are some of the findings of the Ipsos Reid RBC Canadian Consumer Outlook Index conducted between January 4-10, 2011, on behalf of RBC. For this survey, a national sample of 3,533 adults from Ipsos' Canadian online panel was interviewed online (503 British Columbia, 476 Alberta, 589 Saskatchewan and Manitoba, 721 Ontario, 678 Quebec, 566 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 +/-1.65 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 2009; the six regional indices are benchmarked to a baseline of 100 in March, 2010.

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