

# Nearly Half (45%) of Canadians Say Rising Gas and Food Prices Having a 'Significant Impact' on their Budget

*Overall RBC CCO Index Rises 3 Points Thanks to Improved Outlook*

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**Ipsos Reid**

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# **Nearly Half (45%) of Canadians Say Rising Gas and Food Prices Having a 'Significant Impact' on their Budget**

## ***Overall RBC CCO Index Rises 3 Points Thanks to Improved Outlook***

**Toronto, ON** - Nearly one half (45%) of Canadians say that rising gas and food prices are having a 'significant impact' on their day-to-day budget, according to the quarterly RBC Canadian Consumer Outlook index conducted by Ipsos Reid. Further, four in ten (38%) say that it hasn't had a big impact but they're cutting back on other expenses, while two in ten (17%) indicate that rising prices have not had any impact on their day-to-day budget.

Despite the pinch that rising gas and food prices are having on many Canadians' wallets, the RBC CCO index has risen 3 points to 96, buoyed by modest, across-the-board gains:

- The current conditions sub-index has risen 3 points and now sits at 108 points.
- The expectations sub-index has risen 6 points and now sits at 86 points.
- The investments sub-index has risen 12 points and now sits at 112 points.

Four in ten (38%) Canadians say that they're confident that they're managing their debt well, while one in three (35%) think they're doing OK but know they could be doing a better job. However, two in ten (21%) say they're just keeping their head above water, 3% say they're

not so good and don't know where to start, and another 3% admit they're terrible at managing their debt.

Debt repayment appears to be a priority for many Canadians over the next year. Four in ten (39%) say they intend to pay off as much debt as they can over the next year or so, while three in ten (30%) plan to spend less and one quarter (23%) intend to save or invest more. An additional 25% of Canadians plan to do all of these things over the next year or so, while just one in ten (7%) won't do any of them.

Thinking about the overall state of the economy, six in ten (61%) would describe the economy as being 'good' (4% very/57% somewhat), up 1 point from January. Assessment of the economy is the brightest in Saskatchewan and Manitoba (75%), followed by those living in Alberta (69%), British Columbia (63%), Ontario (61%), Atlantic Canada (61%) and Quebec (55%).

However, job anxiety has risen two points, with 22% of Canadians saying that they or someone in their household is worried about losing their job or being laid off. Ontario, at 28% (an increase of 5 points since January), is considerably more anxious than any other region of the country when it comes to job security. Those living in Quebec (21%), Atlantic Canada (21%), Alberta (18%), British Columbia (17%) and Saskatchewan and Manitoba (16%) are less nervous about losing their jobs.

Over the next year, four in ten (42%) Canadians believe the national economy will improve (down 1 point). Those most optimistic about the future of the national economy live in Alberta (50%), while Canadians living in British Columbia (46%), Saskatchewan and Manitoba (45%), Ontario (44%), Quebec (37%) and Atlantic Canada (33%) are less optimistic.

Four in ten (39%) believe their personal financial situation will improve in the next year (up 1 point), with Albertans (45%) once again leading the way, along with Quebecers (43%). Those living in Saskatchewan and Manitoba (40%), Ontario (39%), British Columbia (36%), and Atlantic Canada (31%) are less inclined to believe that their personal financial situation will improve in the next year.

Three quarters (74%) of Canadians predict that interest rates will increase in the next six months. If rates increase, four in ten (44%) say they'll spend less in other areas, while one in three (34%) say they'll find ways to reduce their interest costs or monthly payments. Others will establish/increase their line of credit (5%), while 5% would find out how they could change their mortgage from variable to fixed. Interestingly, three in ten (27%) see higher interest rates as an opportunity, and would increase their savings and/or investments. Two in ten (21%) wouldn't do any of these things.

Canadians continue to say that they're delaying major purchases on account of the current economic conditions. A majority (55%) of Canadians maintain that they've delayed a major purchase, such as buying a car or household appliance, or a vacation, due to current conditions (up 3 points), with Ontarians (60%) being the most likely to say so. Looking ahead, two in ten (23%) Canadians say they intend to spend 'more' (5% much more/18% a little more) on their major purchases this year than last year. Most (32%) don't anticipate changing their level of spending, or even intend to spend less (44%, 22% much less/22% a little less).

*These are some of the findings of the Ipsos Reid RBC Canadian Consumer Outlook Index conducted between March 11-15, 2011. For this survey, a national sample of 3,520 adults from Ipsos' Canadian online panel was interviewed online (534 British Columbia, 502 Alberta, 482 Saskatchewan and Manitoba, 901 Ontario, 582 Quebec, 519 Atlantic Canada). Weighting was then employed to balance*

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*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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