

# Rising Gas, Food Prices Hitting Canadian Households Hard

*RBC CCO Index Drops Two Points as 45% say Inflation Has  
Had Significant Impact on Their Budget*

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## **Rising Gas, Food Prices Hitting Canadian Households Hard**

### ***RBC CCO Index Drops Two Points as 45% say Inflation Has Had Significant Impact on Their Budget***

**Toronto, ON** – Rising gas and food prices across Canada are hitting Canadian households hard, according to this quarter's instalment of the RBC Canadian Consumer Outlook index conducted by Ipsos Reid. The overall index, a compilation of 34 economy-related questions, has dropped two points and now sits at 94 points, down 2 points since last quarter and still well off the benchmark of 100 points set in November, 2009. The CCO is also comprised of three sub-indices:

- The current conditions sub-index is down 2 points and now sits at 104 points.
- The expectations sub-index has dropped 4 points and now rests at 82 points.
- The investment index has dropped 11 points since last quarter and now sits at 101 points.

Nearly half (45%) of Canadians say that rising gas and food prices have had a significant impact on their budget. Another 37% say that while it's not had a big impact, they've cut back on other expenses. Just two in ten (17%) maintain that these rising prices have not had an impact on their budget.

Among those who have been impacted, strategies that they're employing to deal with these recent increases include comparison shopping for food more than before (55%), following a budget more than before and buying less on impulse (48%), using their vehicle less or

making fewer trips and using public transit more (29%), or not using their credit card to pay for day-to-day expenses as much as before. Three in ten (30%) Canadians say that they're more likely to delay vacation plans until next year.

Thinking about how higher gas prices will affect their next vehicle-purchasing behaviour, four in ten (37%) say they'll select a more fuel efficient vehicle, while one in three (31%) will simply delay getting a new vehicle. Others will get rid of their vehicle or limit the use of their vehicle and take public transit (2%). Just 16% say gas prices won't impact how they will select their next vehicle, while 13% don't own a vehicle and have no plans to own one.

Thinking about their personal finances, over the next year many Canadians intend to make some changes to their current behaviour. One in three (32%) will focus on reducing their debt, three in ten (28%) will spend less, one quarter (24%) intend to save more, while two in ten (21%) will try to do all of these things. Just one in ten (11%) do not intend to do any of these things.

Canadians, on average, are holding \$13,058 in consumer debt, not including a mortgage. Just three in ten (30%) say that they're confident they are managing their debt well, down 8 points from last quarter. One in three (31%) think they're doing okay but know they could do better, while two in ten (19%) say they're just keeping their head above water and 4% admit they're not good at managing their debt and don't know where to start. Just two in ten (16%) say they don't carry any debt.

Two in three (66%) Canadians believe that the economy is in good shape right now, up 5 points since last quarter. Job anxiety has held steady, with two in ten (22%) Canadians saying they or someone in their household is worried about losing their job or being laid off, although anxiety is still significantly higher in Ontario at 27%.



Looking ahead to the next year, four in ten (42%) believe the Canadian economy will improve (unchanged since last year), while a similar proportion (39%) feels the same way about their own personal financial situation over the next twelve months.

*These are some of the findings of an Ipsos Reid poll conducted in June, 2011, on behalf of RBC. For this survey, a sample of 4,008 adults from Ipsos' Canadian online panel was interviewed online. Weighting was then employed to balance demographics and political composition to 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 +/-1.55 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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