

# trends

delivering the pulse of the nation to you



a quarterly TNS Canadian Facts newsletter

December 2008

## Canada In The Grip Of A Crisis Of Confidence

With the business of the federal government shut down until late January so that the Conservative Party could hold onto power, the Canadian consumer continues to move toward a pessimistic economic outlook.

Even as the government claimed Canada was in better shape than other countries, Canadians' confidence in their economy has plummeted.

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## National Indices

### Recessionary Conditions Drives The CCI To A Low Point

The *Consumer Confidence Index*, which captures both short and long-term influences, now stands at 83.0 compared with 95.6 last month. To put this in perspective, the Index reached 105.7 last December.

When the federal political parties were focusing on the unfolding drama on the Hill, Canadians had to be wondering if anyone had their best interests at heart. In the wake of an economic update that promised no immediate stimulus, the Canadian public is showing little confidence in the economy.

The *Present Situation Index*, which captures evaluations of the overall state of the economy and the employment situation, now stands at 84.3, which is down from 103.0 last month. Only 16 per cent of Canadians think the current economy is at least fairly good.

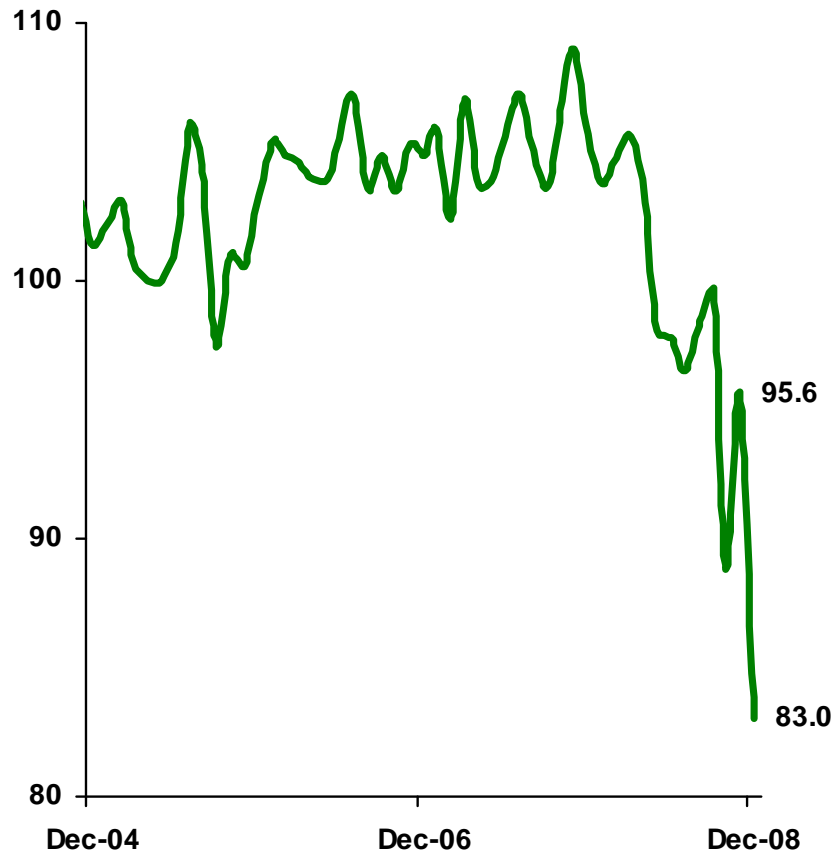
The *Expectations Index*, which measures consumers' estimation of the economy, household income and employment in six months, also declined dramatically to 80.4 from 93.2 last month.

The *Buy Index*, which gauges the degree to which people think the current period is a good time to make major purchases, is the index that faltered the least. The index now sits at 84.1 compared with 88.1 in November.

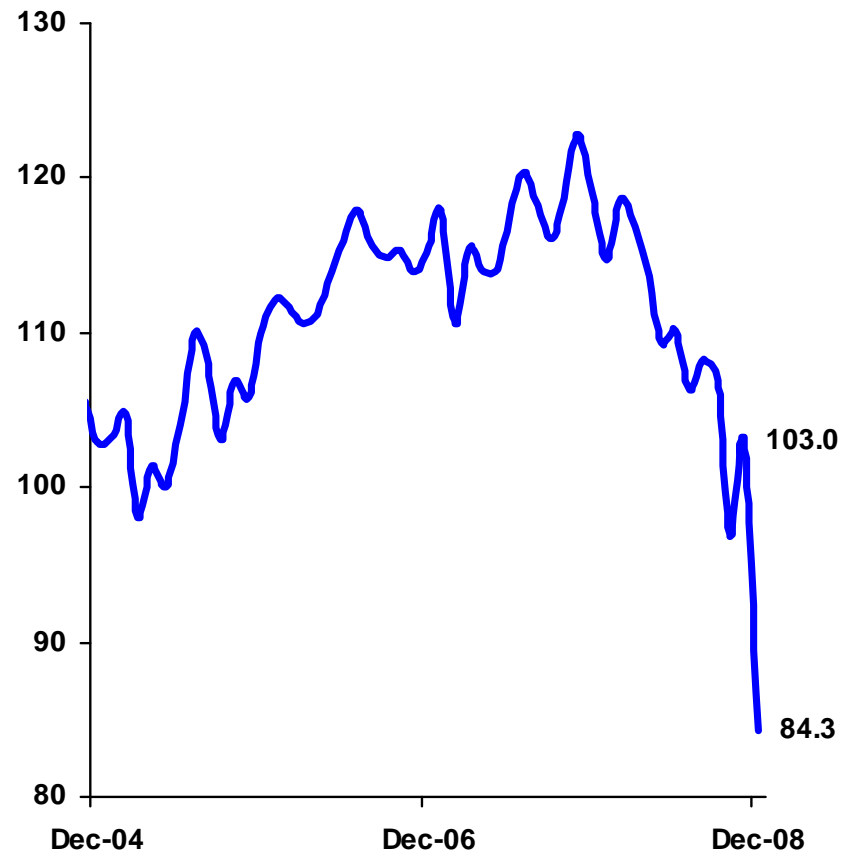
The December decline in consumer confidence represents a serious threat to the Canadian economy. Canadians are now moving from cautious to fearful and many expect their incomes to shrink in the next six months.



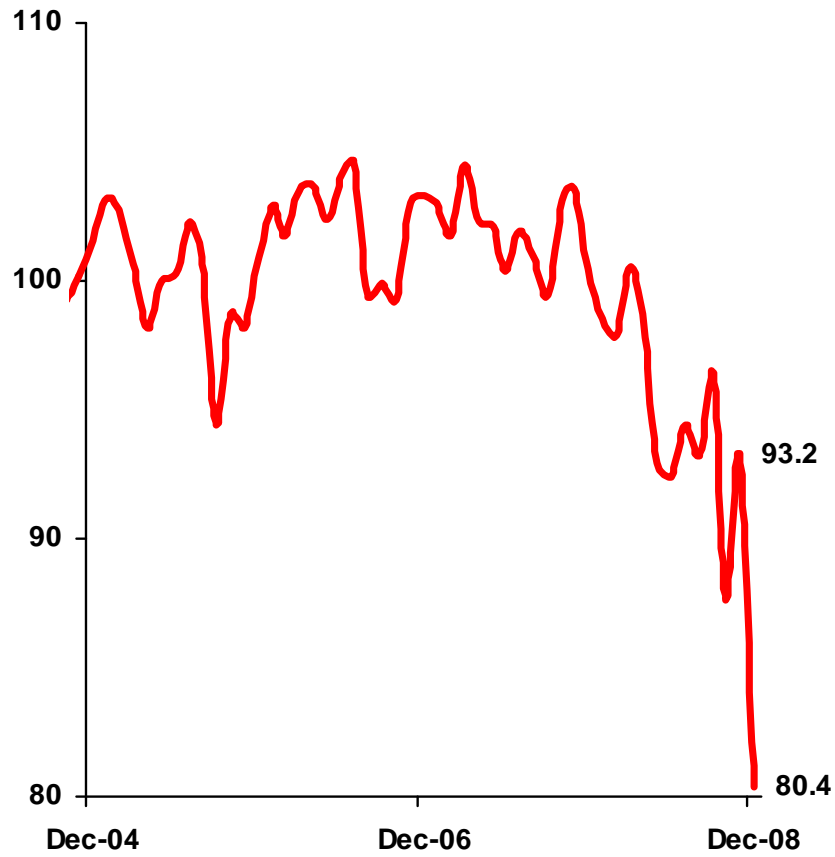
Consumer Confidence Index



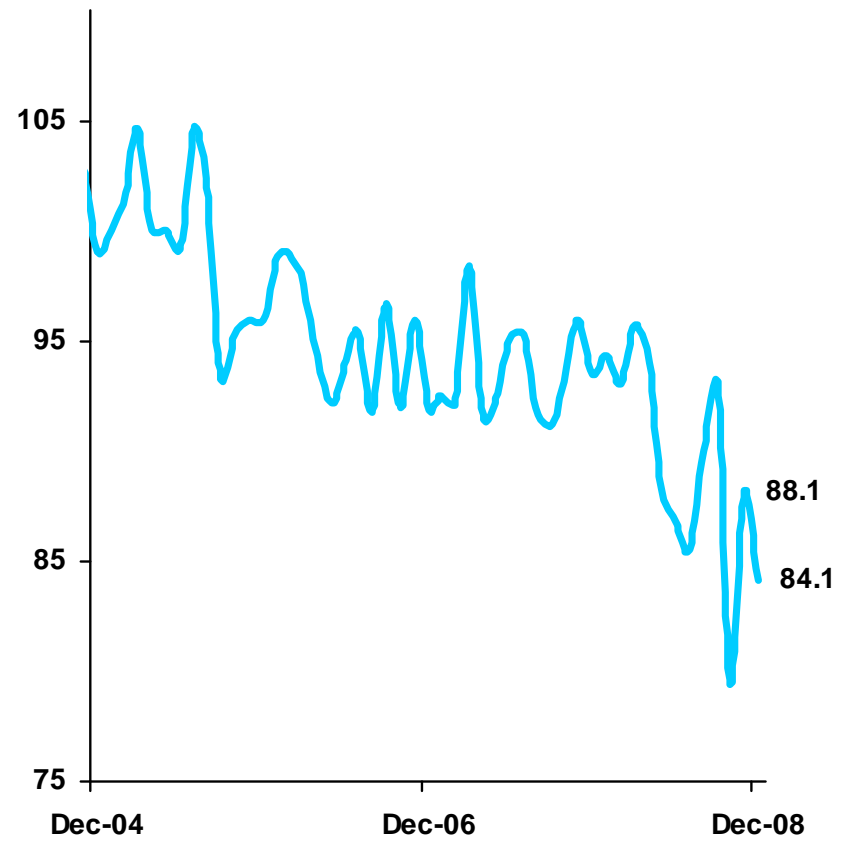
Present Situation Index



Expectations Index



Buy Index



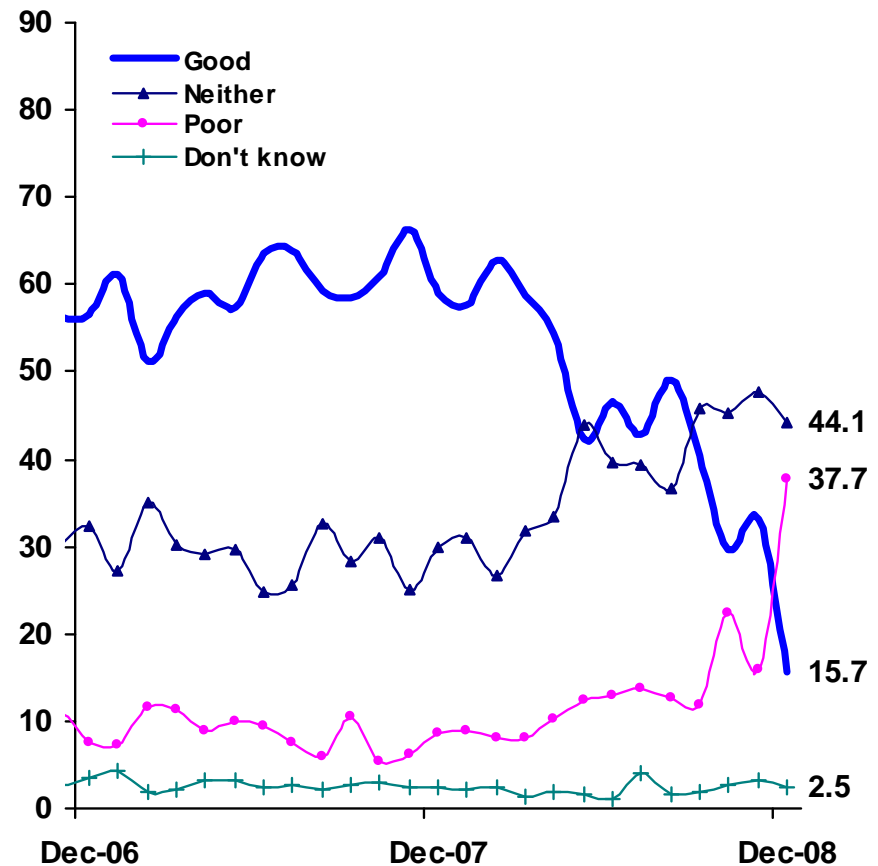
## Canadians Adopting Negative Perception Of The Economy

To give additional context to the dramatic fall in the indices, we provide answers to three of the survey's specific questions. Current perceptions of the economy have declined dramatically. The proportion who think the economy is very or somewhat good right now has dwindled from 49% in August to 16% in December.

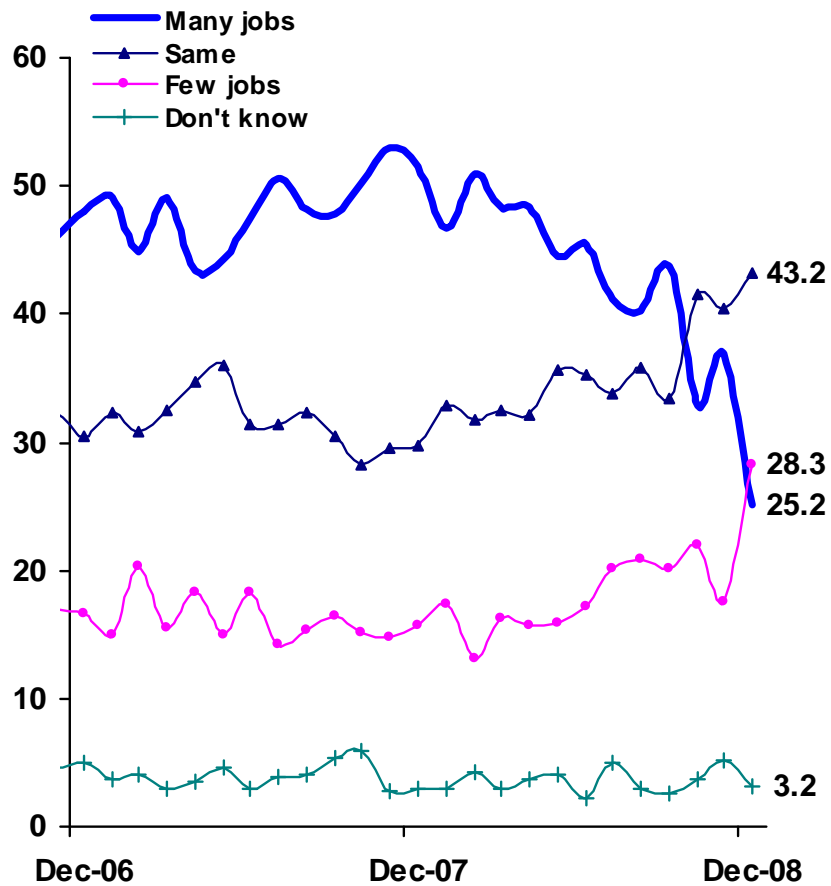
Similarly, the proportion who think there are many jobs available also shrank. Now 28% think there are few jobs available; in Ontario 41% think there are few jobs available.

The particularly bad news, however, comes from income expectations. Over the past six months, Canadians maintained a relatively optimistic view of their own financial wealth. The emerging trend, however, is a more negative outlook on one's own financial resources. If this continues, we may expect consumers to be increasingly cautious over the next few months.

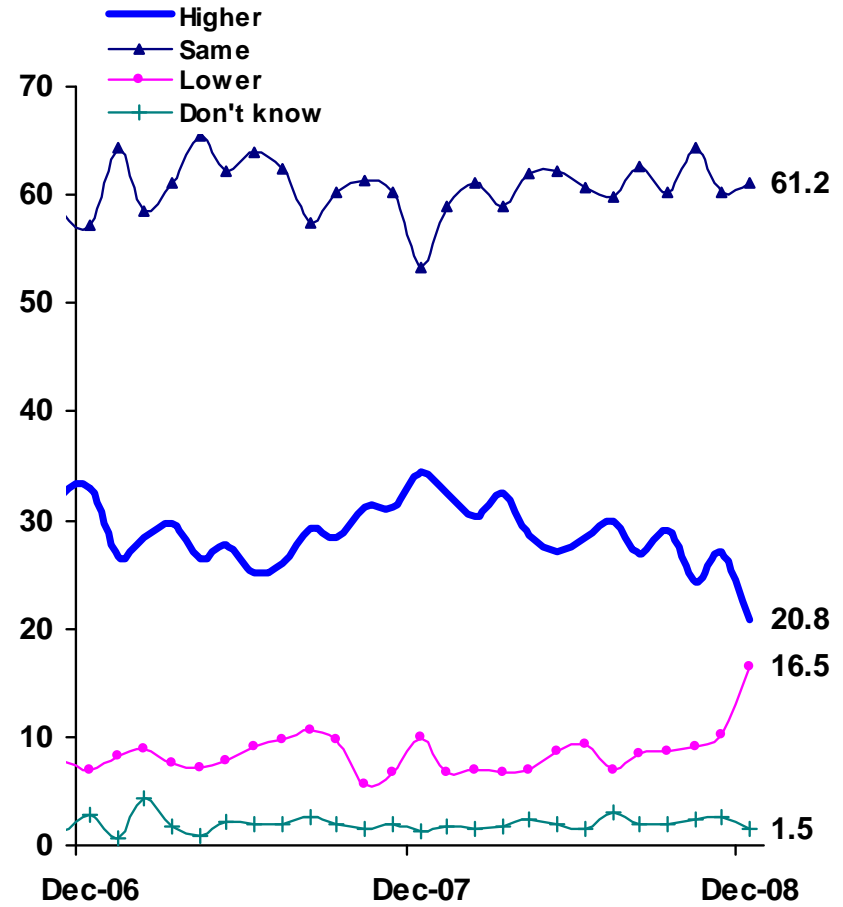
Perceptions of the current state of the economy



Current employment situation



Income in the next 6 months



## Holiday Season Looks Poor for Retailers

With very few shopping days left before the holidays, Canadians clearly expect to spend less.

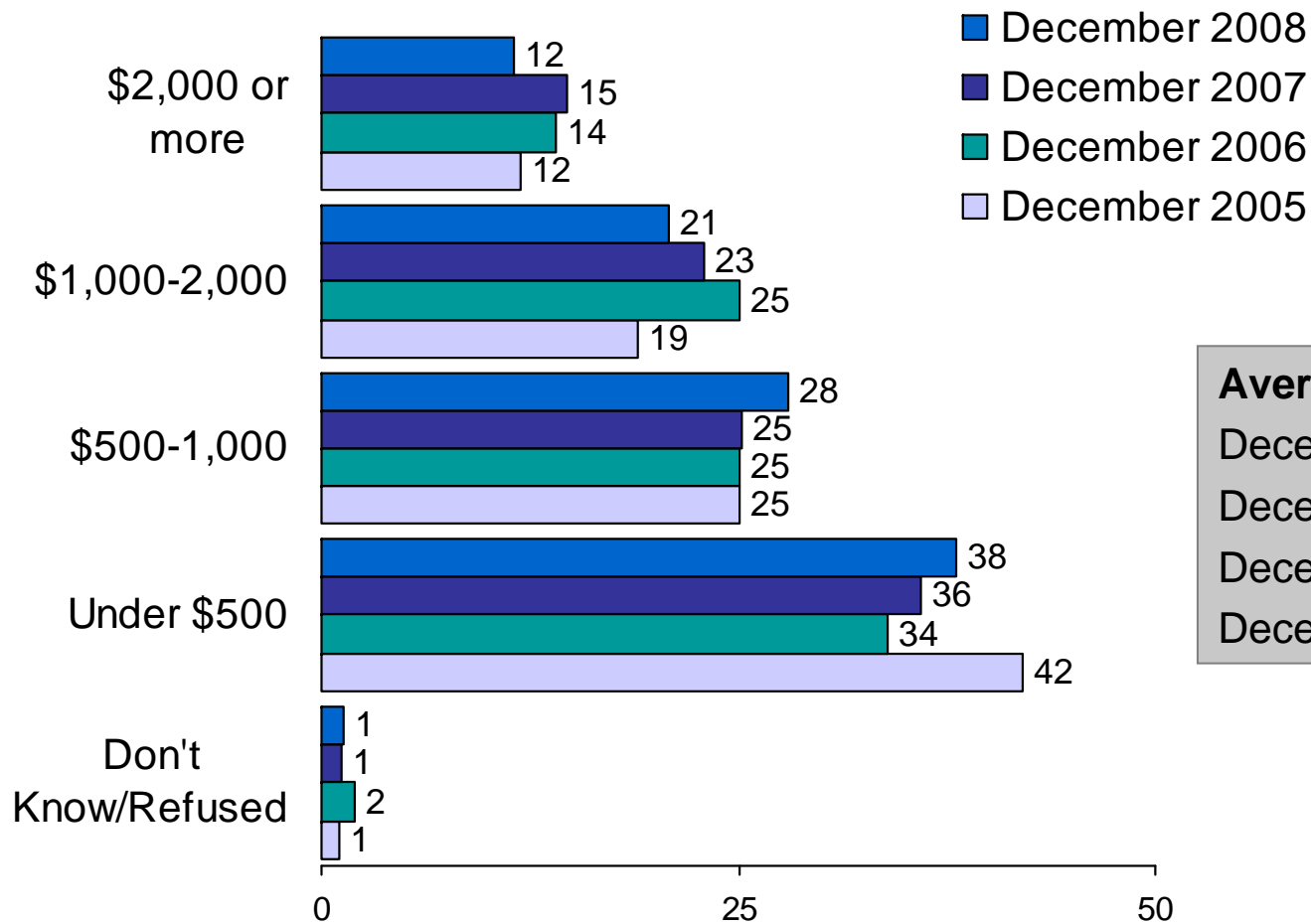
The survey found that Canadians plan to spend \$956 on holiday gifts, decorations or other holiday items this season. This is only slightly lower than December of last year (the estimate was \$961).

The expected decline in spending is reflected in the fact that more than four times as many consumers expect to spend less this holiday season (36%) as plan to spend more (8%) than they did last year.



# Planned Holiday Spending

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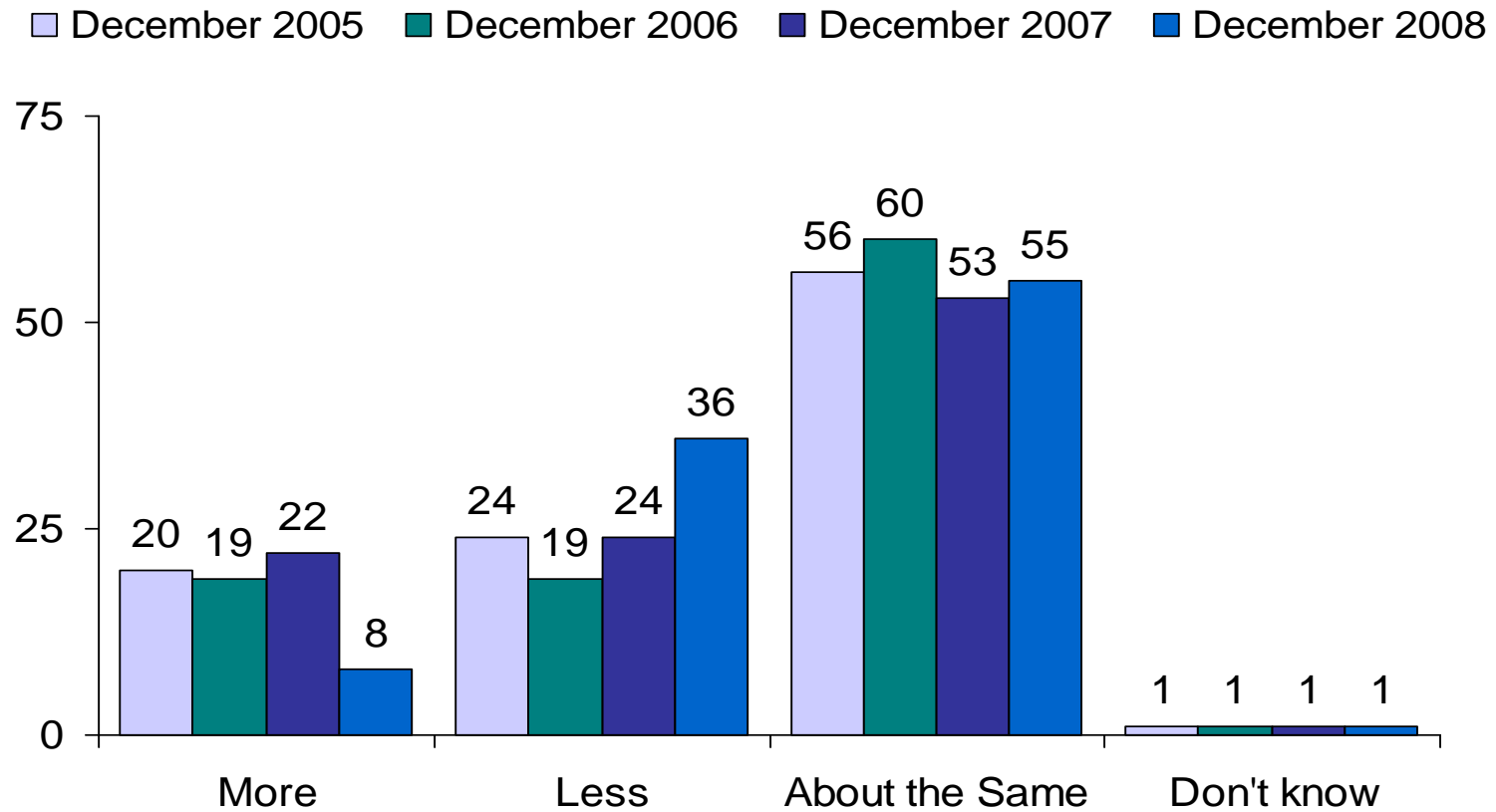


**Average:**  
 December 08: \$956  
 December 07: \$961  
 December 06: \$1,056  
 December 05: \$867

Q. Approximately how much will you spend on holiday gifts, decorations or other holiday items this season?

# Holiday Spending Compared to Last Year

trends



Q. Would you say that you are spending more, less or about the same on holiday items as you spent last year?

## Consumer Confidence in the United States

**U.S. Confidence Stabilizes in November**

The Canadian trend for consumer confidence now more closely resembles that in the U.S. The findings of the Conference Board (U.S.) *Consumer Confidence Index* suggests that confidence has stabilized in the U.S. based on the results to November 2008.

Given the Canadian economy's dependence on U.S. consumers, it is welcome news that confidence has not eroded further south of the border.

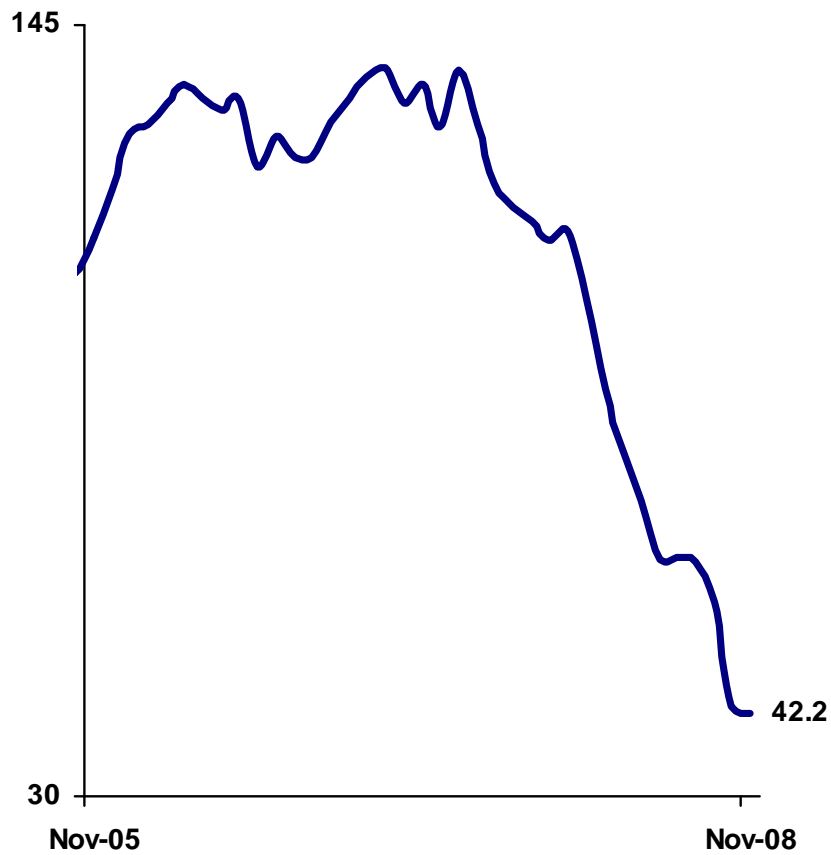
*Note: The U.S. Consumer Confidence Index is produced by the Conference Board®. The Conference Board is not responsible for the interpretation of the results provided herein.*

Consumer Confidence Index

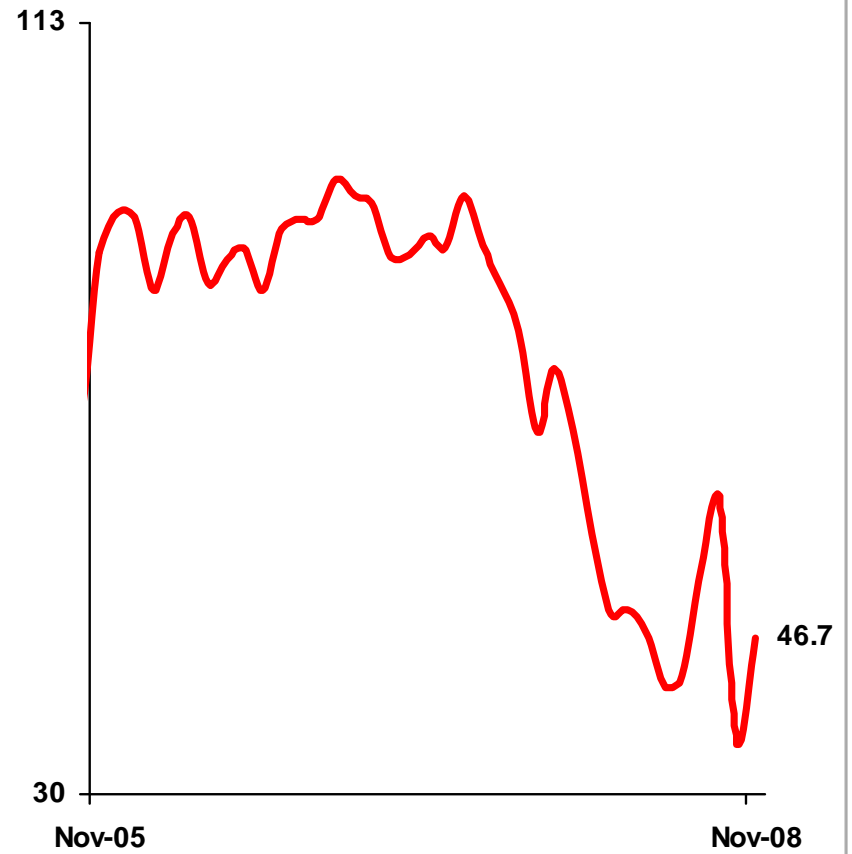


\*The Conference Board Index is similar but not exactly the same as the Canadian index.

Present Situation Index



Expectations Index



## Regional Results

## Confidence Down Across The Nation

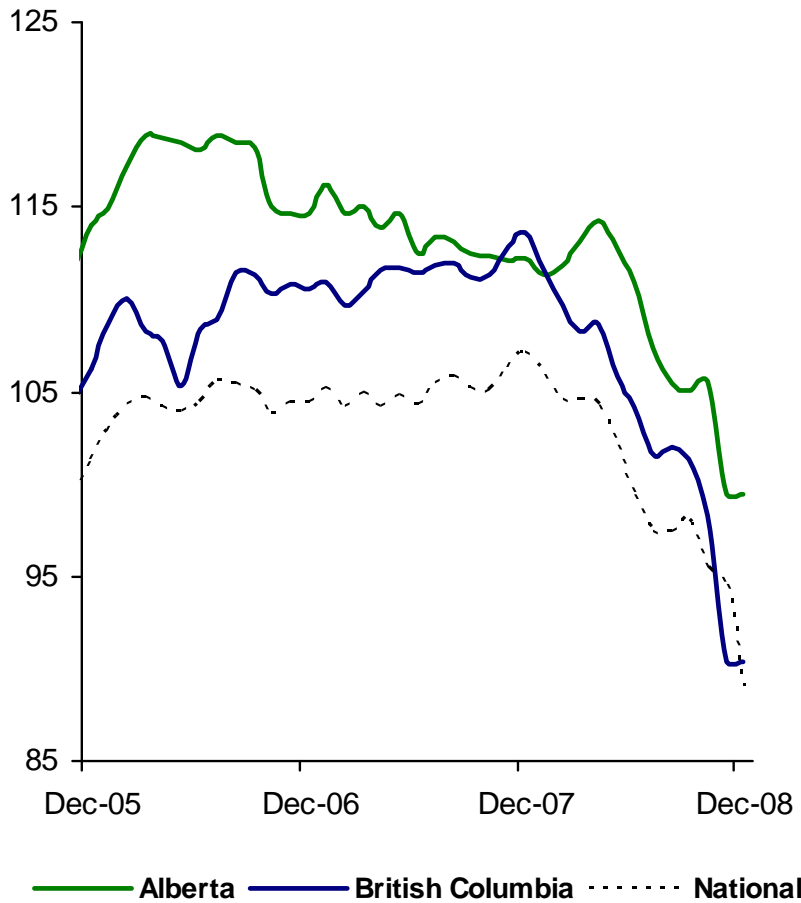
As one would expect, no region is escaping the economic downturn, even if some regions will fare better than others. Even though the rolling, three-month average reduces the impact of any one month, it is clear that:

- Ontario is the most negative and consistently well below the national levels across all indicators.
- Over the past year, British Columbians have moved from a positive outlook (well above the national average) to a more negative one (around the national average).

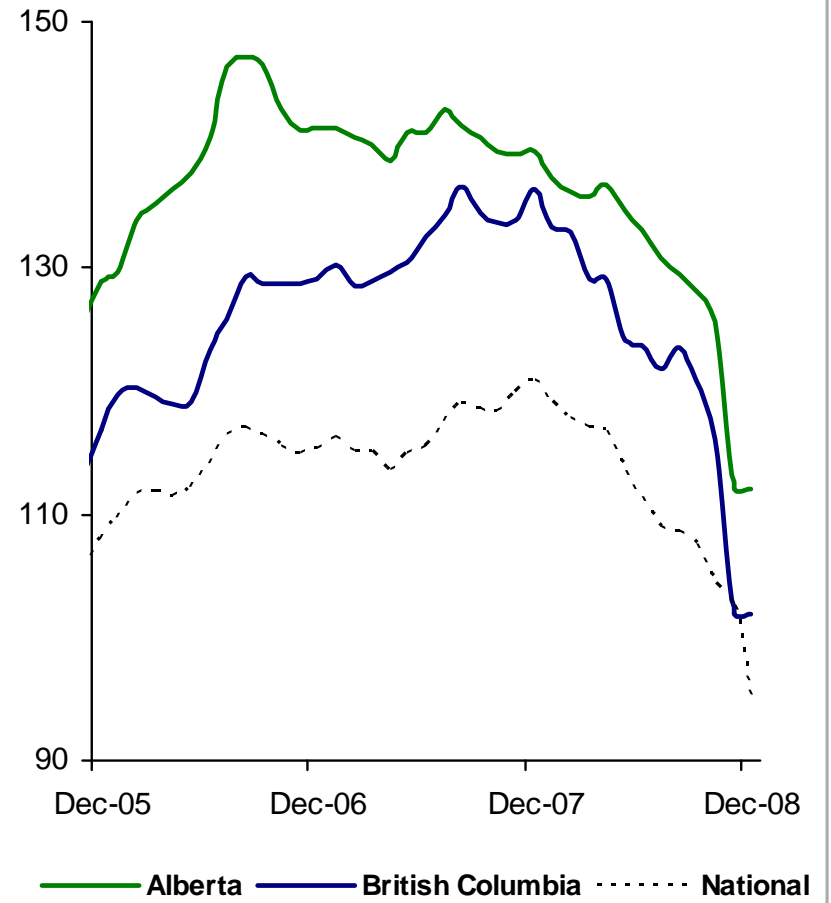
Although bad news is evident everywhere, the large impact in Ontario and B.C. may reflect the preponderance of sector-based economic news (e.g. automotive and forestry) in these regions.



Consumer Confidence Index

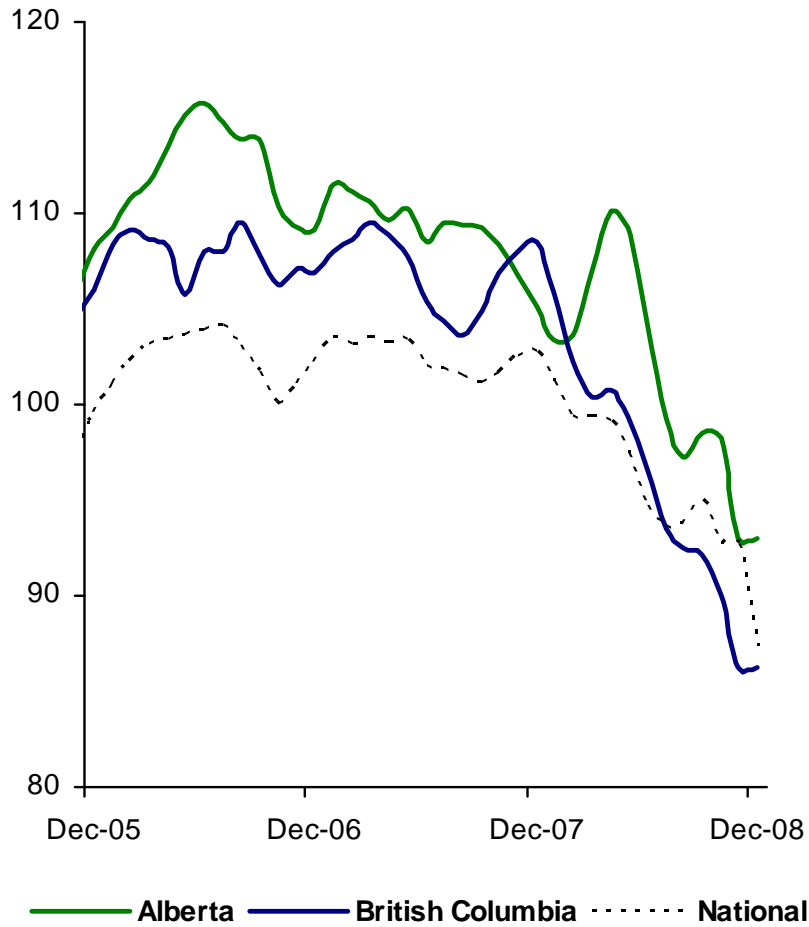


Present Situation Index

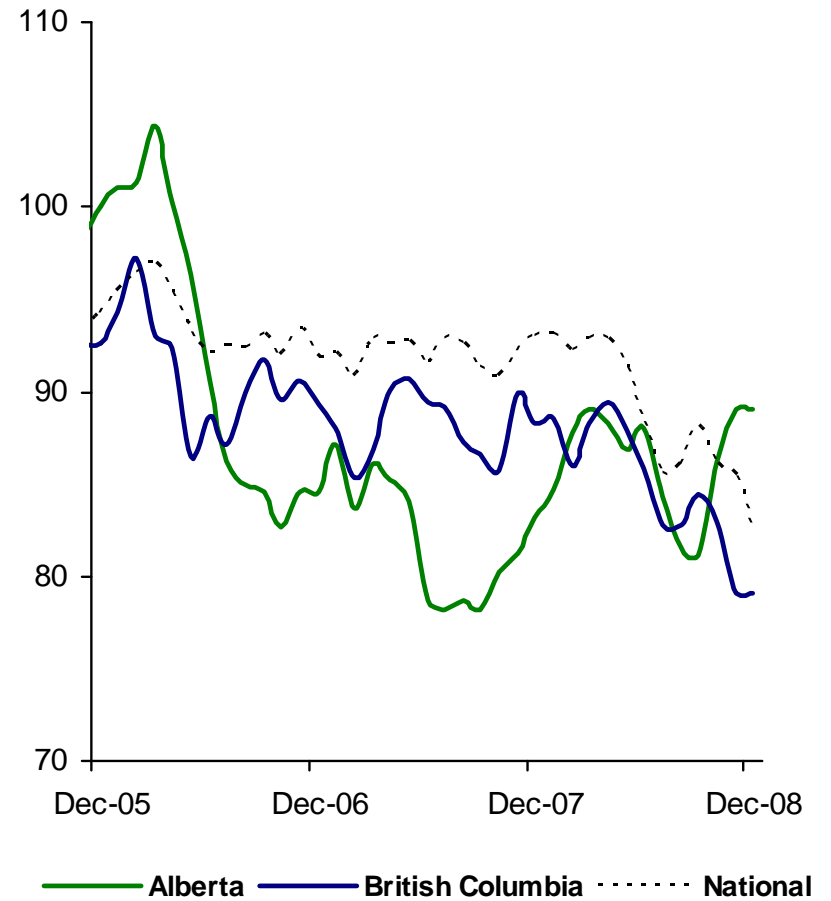


Monthly value is average for three previous months

Expectations Index

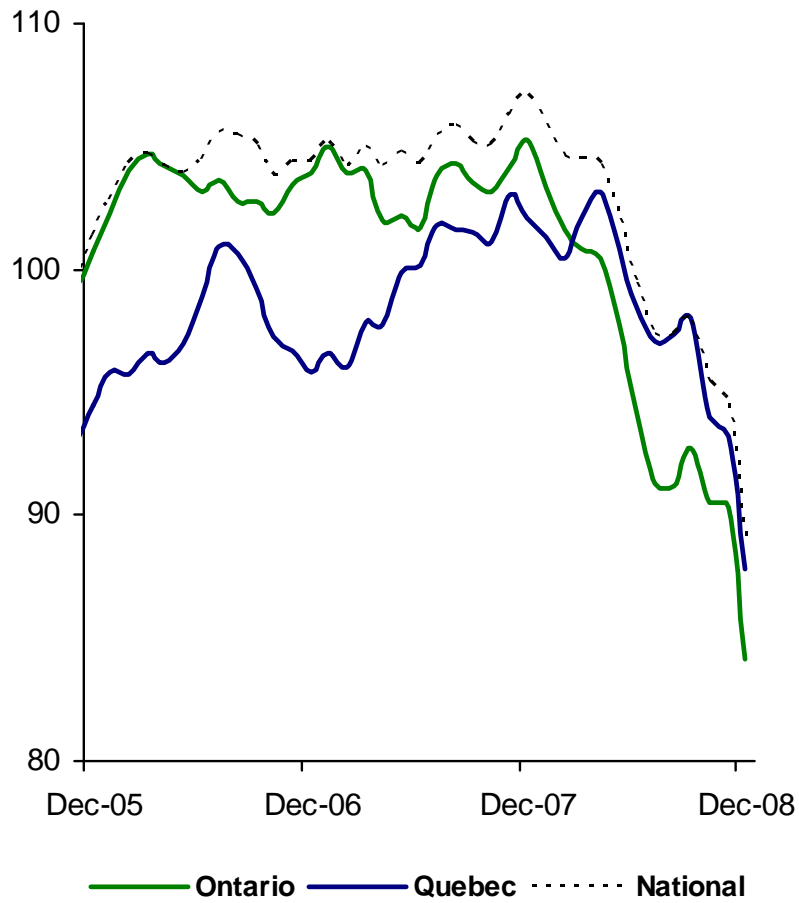


Buy Index

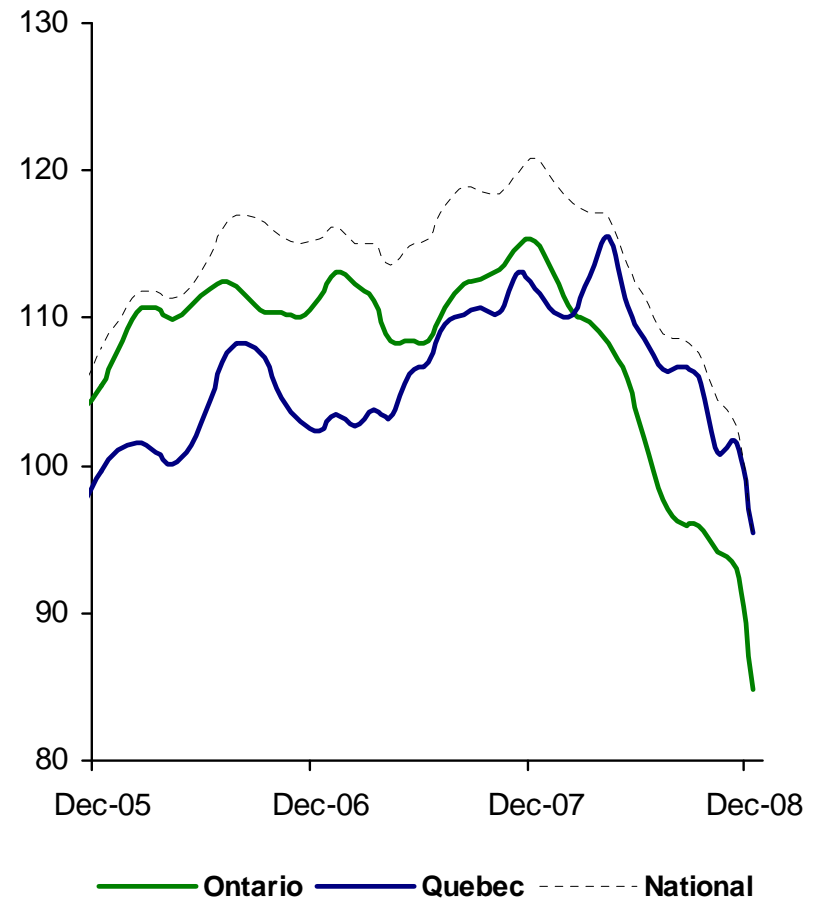


Monthly value is average for three previous months

Consumer Confidence Index

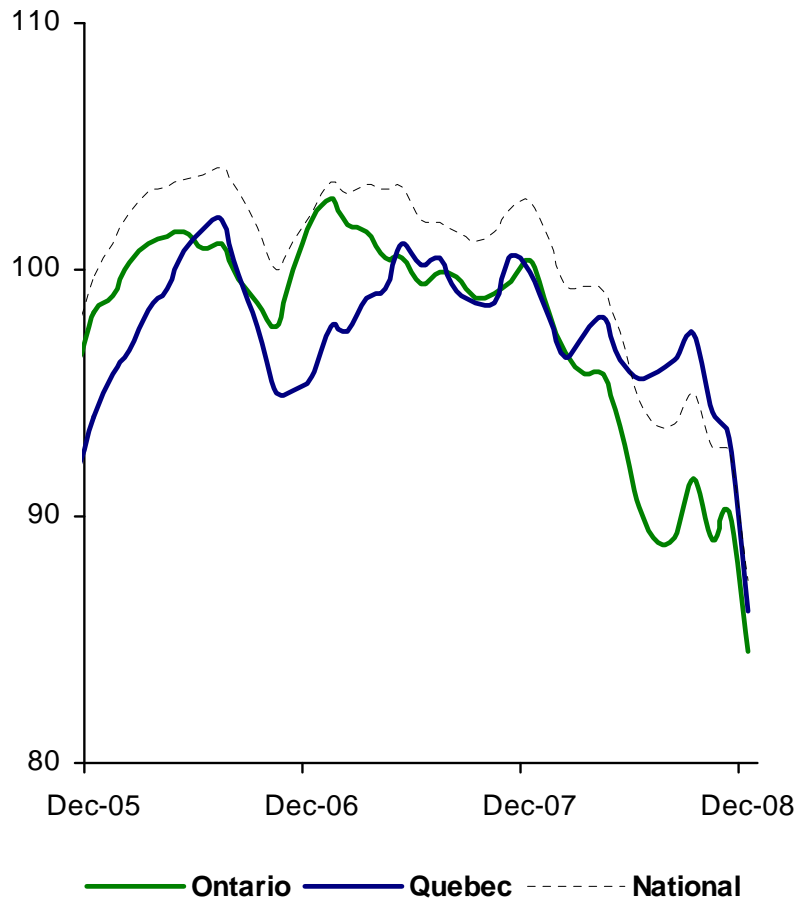


Present Situation Index

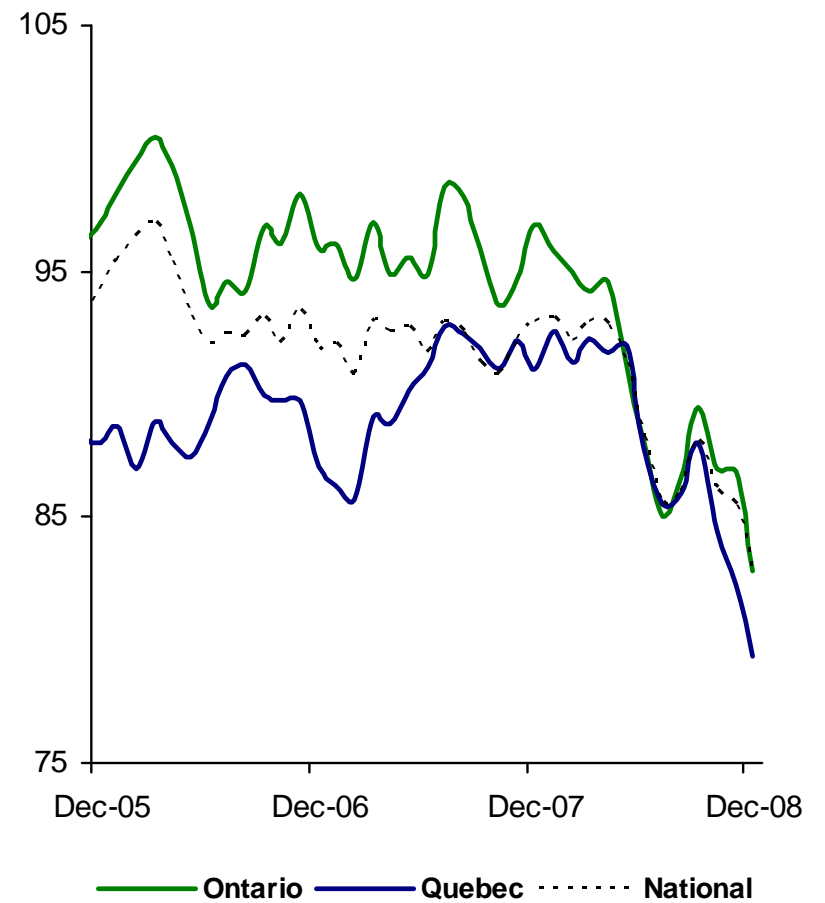


Monthly value is average for three previous months

Expectations Index

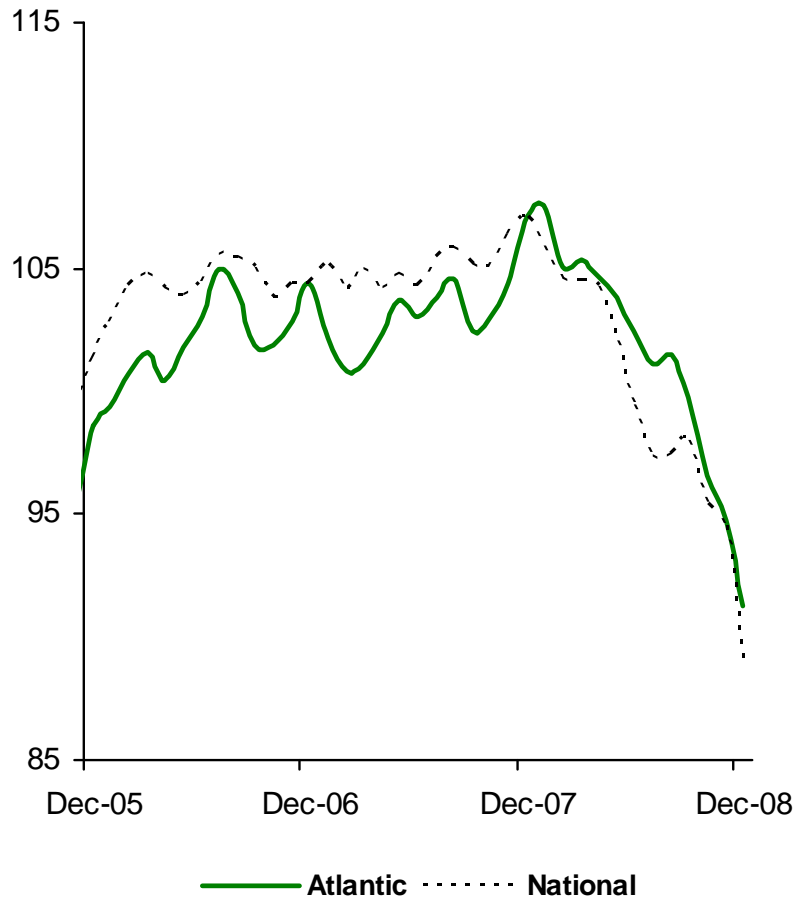


Buy Index

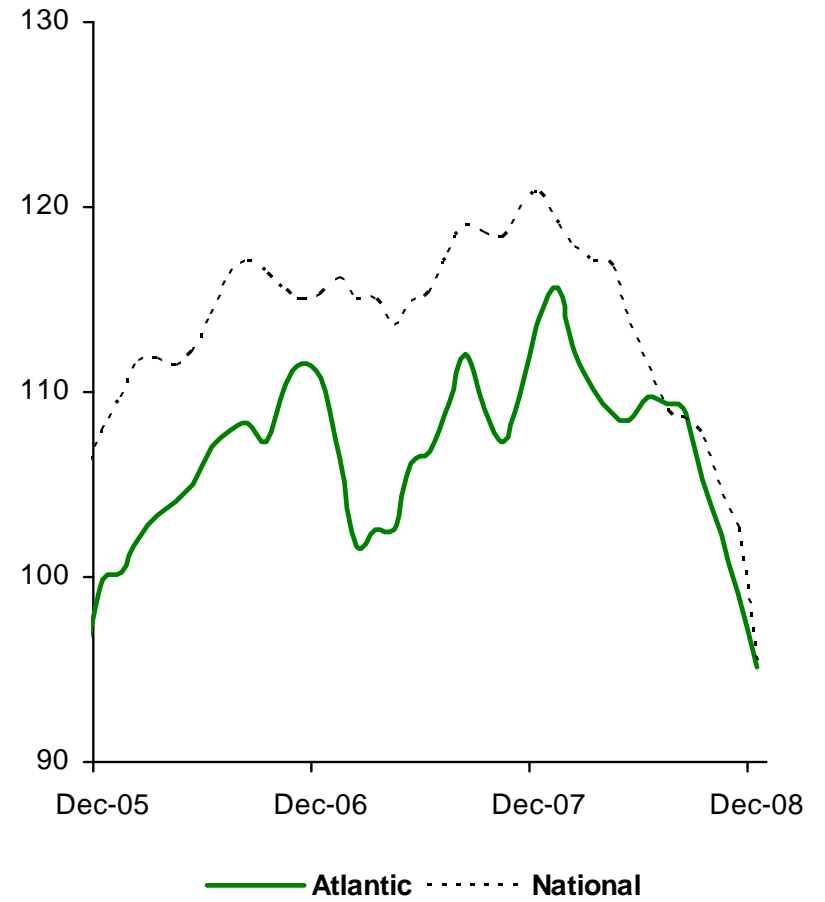


Monthly value is average for three previous months

Consumer Confidence Index

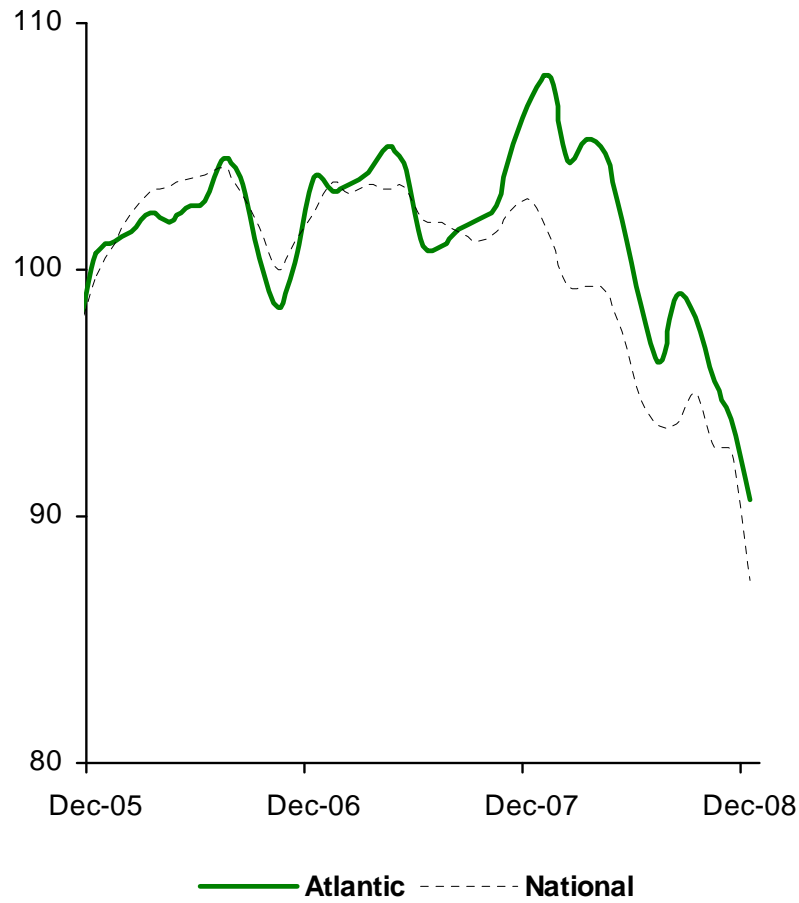


Present Situation Index

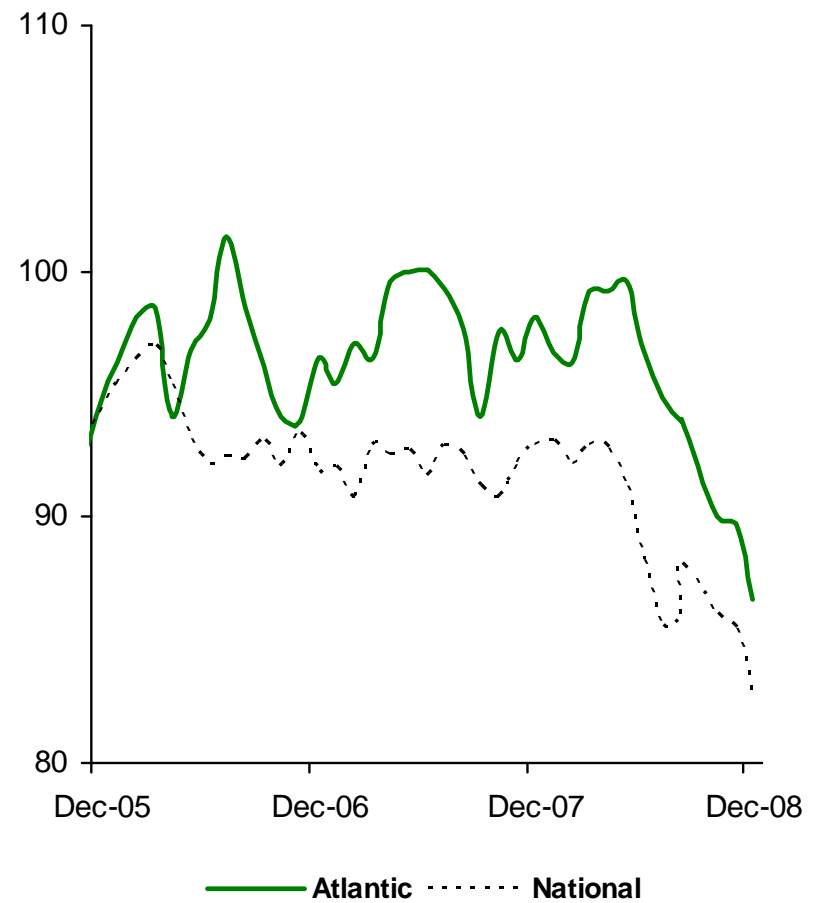


Monthly value is average for three previous months

Expectations Index



Buy Index



Monthly value is average for three previous months

## About the CCI study

Seven questions make up the core survey of Consumer Confidence. While the overall CCI index uses all 7 questions to produce an index score, there are three sub-indices that rely on some of the questions.

All quarterly indices are set so that the value of the index in Q3 of 2005 is 100.

**CCI Index:** Includes all 6 variables

**Present Situation Index:**

- How would you describe your country's current economic situation?
- How would you describe your country's current employment situation?

**Expectations Index:**

- What do you think will be your country's economic situation in the next 6 months?
- What do you think will be your country's employment situation in the next 6 months?
- What do you think your income will be in 6 months time?

**Buy Index:**

- Taking into consideration the cost of things today and the financial situation in general, to what extent would you say that now is a good or bad time to buy products such as: a house or apartment, a car, household appliances such as a washing machine, a refrigerator, a TV set etc.?

**Number of Cases Used Per Quarter**

Atlantic: 315    Quebec: 741    Ontario: 1000    Alberta: 300    British Columbia: 456



### About Dr. Richard Jenkins:

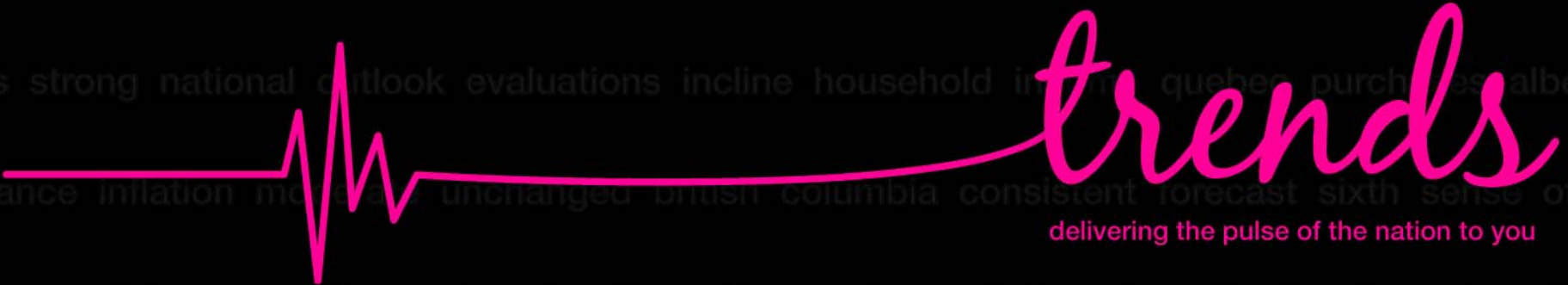
An accomplished researcher, Dr. Jenkins is responsible for TNS Canadian Facts' public sector research. This includes traditional public opinion and market research as well as all research conducted by the Social and Policy Research Group at TNS. He is also the primary spokesperson for TNS Canadian Facts for news interviews and analysis of recent trends in public opinion and market behaviour.

Dr. Jenkins has more than nine years of experience, derived from both academic and private sector experience, as a researcher of public opinion and public policy. He has published articles in a number of respected peer-reviewed journals, including the Canadian Journal of Political Science, and chapters in a number of edited books, including the State of the Federation (2001) and the Review of Economic Performance and Social Progress (2002) and continues to contribute to our collective understanding of politics through his recent publications on turnout and attitudes about democracy.

Dr. Jenkins holds an Honours and Masters degree in Political Studies from Queen's University and a Doctoral Degree in Political Science from the University of British Columbia. His academic training focused on public opinion (including both methodological and substantive issues), public policy and Canadian politics. Before joining TNS Canadian Facts, Dr. Jenkins spent two years at EKOS Research Associates and two years as an Assistant Professor in Political Studies at Queen's University, where he taught Canadian politics, democracy and election, and statistics. He is a member of MRIA and a number of professional associations devoted to the study of public opinion and politics.

### For more information please contact:

Richard W. Jenkins, Ph.D.  
Vice President  
Corporate Director of Public Opinion Research  
(613) 230-4408 ext 101  
richard.jenkins@tns-global.com



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