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CONFIDENCE IN ECONOMIC AND EMPLOYMENT PERFORMANCE REMAINS STRONG

But a growing number of consumers think now is not a good time for major purchases

TORONTO, April 25, 2006 – Consumers continue to be upbeat about the current state of the Canadian economy and its expected performance six months from now, but dampening this enthusiasm is the belief held by a growing number of Canadians that now is not a good time to make major purchases, suggest the latest findings from TNS Canadian Facts' *Consumer Confidence Index*.

"The public's confidence mirrors strong economic statistics but the strong economic performance has not been enough to sustain the momentum of consumer purchase intentions," said Richard Jenkins, vice-president of TNS Canadian Facts, a Toronto-based marketing research firm.

TNS Canadian Facts' monthly tracking of consumer confidence indicates that the overall picture today is overwhelmingly positive. The *Present Situation Index*, which captures evaluations of the overall state of the economy, the employment situation and household income, now stands at 111.3, a slight rise from 110.6 in March but up significantly from 101.4 a year ago.

The *Expectations Index*, which measures consumers' estimation of the economy six months from now, also rose. It was 103.5 last month and is now 103.7, the highest level of optimism about the future economy since the index was created nearly two years ago.

The *Buy Index*, which gauges the degree to which people think the current period is a good time to make major purchases, fell for the second consecutive month. The *Index* now sits at 94.4, down 3.1 points since last month. This represents the lowest level the index has reached with the exception of the Katrina-driven fall in September of last year. Consumers are not overwhelmingly negative, though, as 35 per cent think it is a good time to buy, but relatively speaking they are much less positive than they have been.

The contrasting trends—the rise in the *Present Situation Index* and the *Expectations Index* but the drop in the *Buy Index*—represent a puzzle and may be a sign that rising interest rates are cooling off consumer purchasing by increasing the cost of borrowing.

“While this is a volatile measure and susceptible to short-term factors, the overall trend in the past two years has been in the direction of waning confidence in this being a good time to buy that is consistent with the gradual increase in interest rates over the same period,” Jenkins added.

Consumer Confidence Index tracks Canadians’ attitudes about the economy each month and is part of a global study conducted by TNS in 18 countries around the world. Three indices are produced each month to show how confidence in the economy is changing: a *Present Situation Index*; an *Expectations Index*; and a *Buy Index*. The Canadian fieldwork is conducted using the firm’s national bi-weekly telephone omnibus service, TNS Express Telephone. A total of 1,015 nationally representative Canadian adults were interviewed between April 3 and 6, 2006. The survey results are considered accurate to within 3.1 percentage points, 19 times out of 20.

TNS Canadian Facts (www.tns-cf.com) is one of Canada's most prestigious full-service marketing, opinion and social research organizations.

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- A leader in political and social polling
- A major supplier of consumer panel, media intelligence and TV and radio audience measurement services.

TNS operates across a global network in over 70 countries, allowing us to provide internationally consistent, up-to-the-minute and high quality information and analysis.

The group's employees deliver innovative thinking and excellent service to local and multi-national clients worldwide. In the custom business, they combine in-depth sector knowledge with expertise in the areas of new product development, positioning and segmentation research, brand and advertising research and stakeholder management.

TNS' strategic goal is to be recognized as the global leader in delivering value added information and insights that help our clients to make more effective decisions.

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Media Contacts:

Richard W. Jenkins

Vice President, Corporate Director, Public Opinion Research

Tel: (613) 230-4799

e-mail: Richard.Jenkins@tns-cf.com

David Stark

Vice President, Public Affairs

Tel: (416) 924-5751 x238

e-mail: David.Stark@tns-cf.com