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CANADIANS BULLISH ABOUT ECONOMY: SURVEY

But consumers may rein in spending on major purchases

TORONTO, May 11, 2006 – While Canadians continue to be upbeat about the current state of the Canadian economy and its expected performance six months from now, a growing number of Canadians think that now is not a good time to make major purchases, suggest the latest findings from TNS Canadian Facts' *Consumer Confidence Index*.

"The return of high gas prices and six consecutive interest rate increases by the Bank of Canada are no doubt contributing to a conservative view among consumers about spending," 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 114.0, up from 111.3 in April. The index is now at its highest level since tracking started in July 2004.

Meanwhile, the *Expectations Index*, which measures consumers' estimation of the economy six months from now, declined slightly. It was 103.7 last month and is now 102.4. Optimism about the future economy, however, continues to be very strong.

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 third consecutive month and is now at the lowest level recorded. The *Index* now sits at 92.2, down 2.2 points since last month and 6.7 points since February.

Many consumers remain positive about the climate for making major purchases (37 per cent think it is a good time to buy), but relatively speaking there are many more consumers who now think that they should refrain from buying big-ticket items, such as houses, cars, furniture and major appliances.

“The overall trend in the past two years has been in the direction of waning confidence in this being a good time to buy, which is consistent with the gradual increase in interest rates over the same period,” Jenkins added. “The rise in the cost of fuel tends to exacerbate this trend.”

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: *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 May 1 and 4. The survey results are considered accurate to 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

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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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