

FOR IMMEDIATE RELEASE

**CANADIANS' CONFIDENCE IN ECONOMY SHAKEN: SURVEY**

**Concern with future may lead consumers to defer major purchases**

**TORONTO, August 16, 2006** – While Canadians continue to be relatively upbeat about the current state of the Canadian economy, their assessments of its future performance slumped significantly in August. All three indices in TNS Canadian Facts' *Consumer Confidence Index* dropped in the wake of four weeks of turmoil in the Middle East and bad news about oil prices.

“Consumer confidence has bounced back from previous short-term declines, so it is too early to say whether the drop represents a minor episode or the start of a period of longer-term weakness,” said Richard Jenkins, vice-president of TNS Canadian Facts and director of the marketing research firm’s monthly *Consumer Confidence Index* tracking study.

The *Present Situation Index*, which captures evaluations of the overall state of the economy and the employment situation, now stands at 115.6, a slight drop from 117.9 in July. Consumers seem to recognize the underlying strength of current economic conditions in Canada; however, there are concerns about the economy’s future direction.

The *Expectations Index*, which measures consumers’ estimation of the economy, household income and employment six months from now, dropped significantly and is now 99.5, down from 104.6 in July. Last month’s figure was the highest level recorded by TNS Canadian Facts in the two years that it has been conducting the study. The *Expectations Index* now stands at about the same level as it was last December, but is higher than it stood a year ago.

“Expectations about the future are susceptible to world events and clearly the past month has given consumers reasons to be concerned,” added Jenkins.

Concern about the future is also evident in the *Buy Index*, which gauges the degree to which people think the current period is a good time to make major purchases. The index fell 3.7 points since last month and now sits at 91.7, the lowest level recorded in two years.

Just over a third (34%) of Canadians think that the present is a good time to make a major purchase. Recent events have exacerbated the downward trend in the *Buy Index*. At no time have so few Canadians thought this was a good time to buy big-ticket items.

“With a sizeable number of consumers feeling pessimistic about the current environment for making major purchases, some might decide to put off replacing an aging vehicle or buying a new home until conditions improve,” commented Jenkins.

*Consumer Confidence Index* tracks Canadians’ attitudes about the economy each month and is part of a global study conducted by TNS in 18 countries. 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 August 7 and 10. The survey results are considered accurate to 3.1 percentage points, 19 times out of 20.

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

### **About TNS**

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- The world’s largest provider of custom research and analysis
- 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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