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CONSUMER CONFIDENCE CONTINUES TO SLIDE: SURVEY

Major purchases and discretionary spending may be curtailed if decline persists

TORONTO, July 24, 2008 – Consistent with analysts' downbeat pronouncements on the state of the economy, the July results from TNS Canadian Facts' *Consumer Confidence Index* paint a similar shaky picture.

"Waning consumer confidence is further evidence of softening domestic demand and bad news for Canadian business. The decline comes as the Bank of Canada places emphasis on the downside risk of higher inflation rather than on stimulating demand," said Richard Jenkins, vice-president of TNS Canadian Facts and director of the marketing research firm's monthly tracking study.

The overall *Consumer Confidence Index* is at 96.5 for July after falling from 97.8 in June. Although the monthly decline was relatively small, the overall index is significantly below the 109.0 high recorded in November 2007. In just eight months, the index has gone down by 11.5 per cent. Recent declines reflect a deterioration of current conditions rather than just expectations for the future.

The *Present Situation Index*, which captures evaluations of the overall state of the economy and the employment situation, stands at 106.4 (down significantly from 110.1 in June).

The *Expectations Index*, which measures consumers' estimation of the economy, household income and employment in the next six months, rose slightly after reaching a low in June. The July index value is 94.4 (up slightly from 92.4 in June).

The *Buy Index*, which gauges the degree to which people think the current period is a good time to make major purchases, dropped slightly. The index now sits at 85.6 (down from 86.8 last month). Only 29 per cent of Canadians currently think this is a good time to make a major purchase.

“Although confidence has not completely evaporated, we expect more and more consumers to retreat from making major purchases and scale back discretionary spending,” added 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 July 14 and 17, 2008. For a survey sample this size, the margin of sampling error is plus or minus 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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