

Confidence In Economy Continues To Creep Downward: Survey

Contributed by TNS
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The latest results from TNS Canadian Factsâ€™ Consumer Confidence Index suggest that Canadians may have finally decided that they are not buying into the economic recovery hype and will most likely put off major purchases for the next little while.

The overall index now stands at 95.5. It is down 2.5 points from last monthâ€™s 98.0 and 3.7 points since August.

“With winter setting in across the nation, it seems that Canadians might be taking a lesson from acorn-gathering squirrels by hoarding their money for the season instead of scurrying to shopping malls and emptying their wallets. If so, then this does not bode well for retailers that count on buoyant holiday shopping sales,” said Dr. Michael Antecol, vice-president of TNS Canadian Facts and director of the marketing research firmâ€™s monthly tracking study.

Each of the three indices is dragging down the overall index.

After several consecutive positive months, the Present Situation Index, which captures evaluations of the overall state of the current economic and employment situations, continues to slide “it is down another 3.3 points from Octoberâ€™s 85.5.

And 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 straight month, losing another 1.7 points to close at 99.6.

Even the Expectations Index, which measures consumersâ€™ estimation of the economy, household income and employment in the next six months, is down this month.

While it is still much higher than it was at this time last year, this index posted a 2-point downtick to settle at 109.2 this month.

Consistent with these downbeat findings are the results of TNSâ€™s yearly holiday spending questions. 2009 is projected to be the lowest-spending holiday season since 2005.

Put another way, while just under six in 10 Canadians say they plan to spend the same amount as they did last year, about one-third of Canadians plan to spend less, and just eight per cent plan to spend more on this yearâ€™s gift-giving bonanza.

“We often hear talk of so-called cautious optimism. But these results suggests now is a time for cautious negativism “clearly, the floor hasnâ€™t collapsed but it might be time to start looking for cracks,” added Dr. Antecol.

Consumer Confidence Index tracks Canadiansâ€™ 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 firmâ€™s national bi-weekly telephone omnibus service, TNS Express Telephone.

A total of 1,015 nationally representative Canadian adults were interviewed between November 9 and 12, 2009.

For a survey sample this size, the margin of sampling error is plus or minus 3.1 percentage points, 19 times out of 20.

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