Bloomberg Nanos Canadian Confidence Index (BNCCI)

submitted by Nanos, October 25th, 2013 (Project 2013-284)

BNCCI Analysis (October 25th, 2013)

For four weeks in succession, there has occurred an incremental erosion of consumer confidence, according to the Bloomberg Nanos Canadian Confidence Index.

The BNCCI, a composite of a weekly measure of financial health and economic expectations, registered at 57.69 compared with last week's 58.03. The Bloomberg Nanos Pocketbook Index which is based on survey responses to questions on personal finances and job security. This sub-indice was at 58.70 this week compared to 60.08 the previous week. The Bloomberg Nanos Expectations Index, based on surveys for the outlook for the economy and real estate prices, was marginally down to 56.67 this week (compared to 55.98 last week).

Negative pressure on the index is a result of below average confidence sentiments (2013 data) for both personal finances and perceptions of the future strength of the Canadian economy.

The average for the BNCCI since 2008 has been 54.71, with a low of 43.28 in December 2008 and a high of 62.92 in December 2009. The index has averaged 56.84 this year.

"Following the Canadian Speech from the Throne and a tepid economic outlook from Bank of Canada Governor Poloz, Canadian consumer confidence continues to soften largely driven by a slide in views on job security and personal finances," said Nanos Research Group Chairman Nik Nanos.

"The downward trend in overall sentiment likely reflects the slower pace of overall economic activity in Canada and concern among households about sustaining the elevated levels of debt should economic conditions deteriorate further. This week's Bank of Canada statement served up a useful reminder regarding the risk to the economic outlook caused by household imbalances. Household debt levels are the Sword of Damocles hanging over the Canadian economy. Should the urban property bubble bust before the BoC can deflate it, the unusually elevated leverage of Canadian households could come back to haunt policymakers," said Joseph Bruseulas, senior economist at Bloomberg LP.
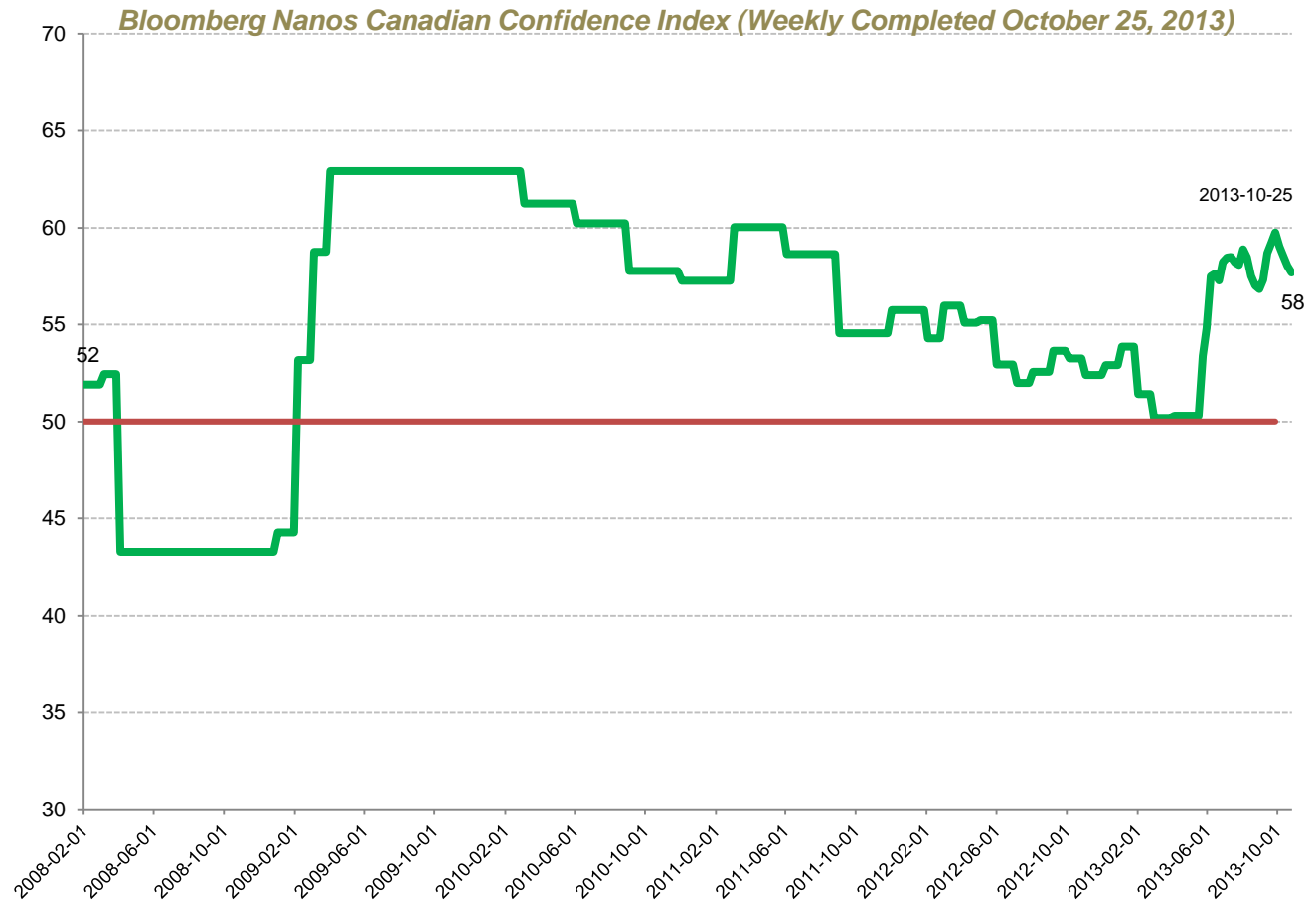
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The BNCCI is a diffusion index comprised of the views of 1,000 Canadians. A score of 50 on the diffusion index indicates that positive and negative views are a wash while scores above or below 50 suggest net positive or net negative views in terms of the economic mood of Canadians. The data is based on perceptions related to personal finances, job security, economic strength, and real estate value.

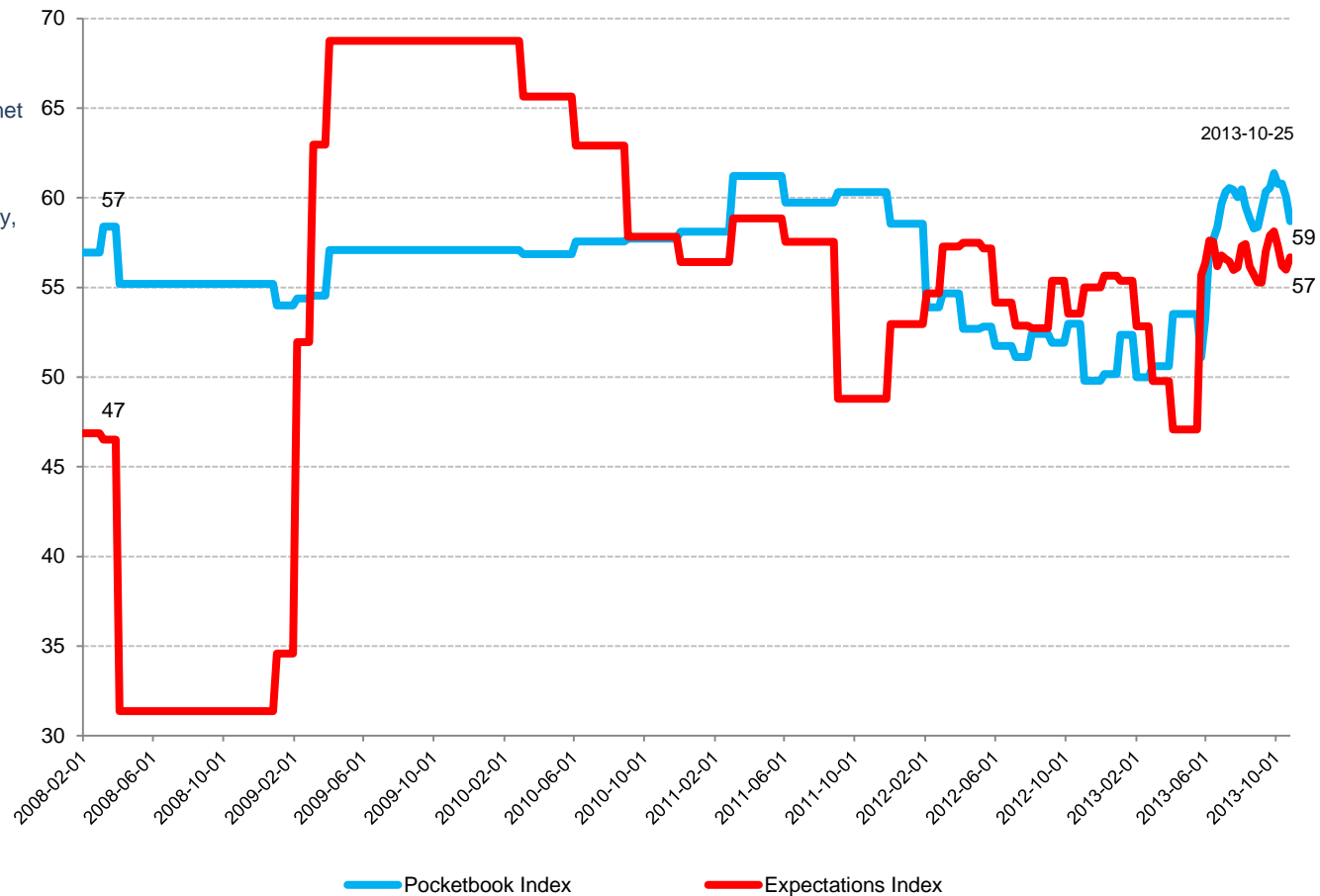*Bloomberg Nanos Canadian Confidence Index (Weekly Completed October 25, 2013)*

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The BNCCI Pocketbook and Expectations Sub-Indices are comprised of the views of 1,000 Canadians. A score of 50 on the diffusion index indicates that positive and negative views are a wash while scores above or below 50 suggest net positive or net negative views in terms of the economic mood of Canadians. The data for the Pocketbook Index is based on perceptions related to personal finances and job security, and the data for the Expectations Index is based on perceptions related to economic strength and real estate value.

Bloomberg Nanos Canadian Pocketbook and Expectations Indices (Weekly Completed October 25, 2013)

Legend: Pocketbook Index (blue), Expectations Index (red)

Bloomberg Nanos Canadian Consumer Confidence Index Data Summary for Oct-25, 2013

	BNCCI	
This week	57.69	
Last week	58.03	
2013 high	59.75	Sep-27
2013 low	50.19	Mar-31
2013 average	56.84	
2008 average	49.21	Worst full year
2010 average	59.13	Best full year
Dec 31, 2008	43.28	Record low
Dec 31, 2009	62.92	Record high
Overall index average	54.76	

Individual Measures:

Positive ratings	This week	Last week	Average 2013	Average 2008-2013
Personal finances	19.19	21.51	19.64	19.16
Canadian economy	20.82	20.10	21.08	23.70
Job security	64.40	66.59	63.41	63.70
Real estate	38.04	37.45	34.85	34.03

Full Ratings	Better off	Worse off	No change	Don't know
Personal finances	19.19	26.06	53.44	1.31

	Stronger	Weaker	No change	Don't know
Canadian Economy	20.82	20.64	52.55	6.00

	Secure	Somewhat secure	Somewhat not secure	Not secure	Don't know
Job security	44.95	19.46	5.62	7.60	22.37

	Increase	Stay the same	Decrease	Don't know
Real estate	38.04	47.95	11.53	2.48

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Bloomberg Nanos Canadian Consumer Confidence Index Data Summary for Oct-25, 2013

		This Week	Last Week	4 Weeks Ago	3 Months Ago	1 Year Ago (Oct)	12 Month High	12 Month Low	12 Month Average
Canada									
	Economic Mood	57.69	58.03	59.75	58.08	53.25	59.75	50.19	56.44
	Pocketbook Index	58.70	60.08	61.37	60.04	52.97	61.37	49.80	57.19
	Expectations Index	56.67	55.98	58.13	56.12	53.54	58.13	47.07	55.70
Economic Mood by Demographic									
Region									
	Atlantic	53.69	52.51	54.27	53.67	51.55	58.15	45.65	52.88
	Quebec	56.11	56.63	56.69	56.21	50.86	57.02	47.60	54.58
	Ontario	57.54	57.72	59.29	56.91	54.87	60.45	48.76	56.60
	Prairies	63.15	63.33	67.42	63.73	59.22	67.42	52.74	61.23
	British Columbia	55.99	57.59	59.14	58.90	50.06	59.81	45.86	55.23
Age	18 to 29	58.61	60.11	66.04	60.19	59.10	66.04	51.32	59.92
	30 to 39	60.31	59.57	60.82	62.54	54.57	67.32	53.18	59.63
	40 to 49	57.61	57.47	58.48	57.76	50.65	59.36	46.60	55.60
	50 to 59	56.67	57.00	57.13	56.09	51.59	58.34	47.11	54.05
	60 plus	55.85	56.41	56.64	54.84	52.42	56.76	46.81	53.72
Income									
	$0 to $14,999	44.66	48.23	50.70	53.02	43.75	54.03	41.86	48.19
	$15,000 to $29,999	54.54	54.07	52.99	50.49	49.05	56.15	40.76	51.19
	$30,000 to $44,999	52.32	53.69	59.23	55.64	49.32	59.23	44.78	54.57
	$45,000 to $59,999	57.40	58.05	57.03	58.01	53.77	60.30	48.65	55.33
	$60,000 to $74,999	55.91	55.71	61.26	55.00	57.39	61.68	51.50	56.46
	$75,000 or more	61.98	62.08	63.59	62.24	59.24	64.68	53.49	60.86
Home									
	Own	57.53	58.01	59.90	58.26	56.01	59.90	50.82	56.92
	Rent	57.70	57.95	59.19	57.66	49.73	59.90	46.92	55.70

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About the Bloomberg Nanos Canadian Confidence Index

The Bloomberg Nanos Canadian Confidence Index (BNCCI) is a weekly measurement of the economic mood of Canadians on the strength of the economy, job security, real estate in their neighbourhood, and their personal financial situation. It is a composite of those variables and has two sub indices: a Bloomberg Nanos Expectations Sub-index on forward views; and, Bloomberg Nanos Pocketbook Index on their personal economic situation. The longitudinal data on the index begins in 2008 and is a significant data source for decision-makers.

For more information, visit www.bloomberg.com/news/canada or www.nanosresearch.com

For interviews contact: **Nik Nanos** FMRIA
Chairman, Nanos Research Group
Ottawa (613) 234-4666 ext. 237
Washington DC (202) 697-9924
nnanos@nanosresearch.com

Joseph Brusuelas
Senior Economist, Bloomberg LP
New York
1 (212) 617-7664
jbrusuelas3@bloomberg.net

Methodology

Methodology

The BNCCI is produced by the Nanos Research Corporation, headquartered in Canada, which operates in Canada and the United States. The data is based on random telephone interviews with 1,000 Canadian consumers (land- and cell-lines), using a four week rolling average of 250 respondents each week, 18 years of age and over. The random sample of 1,000 respondents may be weighted using the latest census information for Canada. The interviews are compiled into a four week rolling average of 1,000 interviews where each week, the oldest group of 250 interviews is dropped and a new group of 250 interviews is added. The views of 1,000 respondents are compiled into a diffusion index from 0 to 100. A score of 50 on the diffusion index indicates that positive and negative views are a wash while scores above 50 suggest net positive views, while those below 50 suggest net negative views in terms of the economic mood of Canadians.

A random telephone survey of 1,000 consumers in Canada is accurate 3.1 percentage points, plus or minus, 19 times out of 20. This report is based on the four waves of tracking ending October 25th, 2013.

The following questions are used for the index calculations:
- Thinking of your personal finances, are you better off, worse off, or has there been no change over the past year? (Overall Confidence Index and Pocketbook Sub-Index)
- Would you describe your job, at this time, as secure, somewhat secure, somewhat not secure, or not at all secure? (Overall Confidence Index and Pocketbook Sub-Index)
- In the next six months, do you think the Canadian economy will become stronger, weaker, or will there be no change? (Overall Confidence Index and Expectations Sub-Index)
- In the next six months, do you believe that the value of real estate in your neighbourhood will increase, stay the same or decrease? (Overall Confidence Index and Expectations Sub-Index)

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About Nanos

Nanos is one of North America's most trusted research and strategy organizations. Our team of professionals is regularly called upon by senior executives to deliver superior intelligence and market advantage whether it be helping to chart a path forward, managing a reputation or brand risk or understanding the trends that drive success.   Services range from traditional telephone surveys, through to elite in-depth interviews, online research and focus groups. Nanos clients range from Fortune 500 companies through to leading advocacy groups interested in understanding and shaping the public landscape. Whether it is understanding your brand or reputation, customer needs and satisfaction, engaging employees or testing new ads or products, Nanos provides insight you can trust.

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