

Chartered accountants' optimism plateaus in 4th quarter

Derek Abma, Financial Post: Wednesday, January 27, 2010

OTTAWA — A quarterly poll of executive-level chartered accountants in Canada shows sentiment about economic conditions in the coming year hit a plateau in last year's fourth quarter after some strong gains in the middle of the year.

The latest "business monitor" released Wednesday— done by the Canadian Institute of Chartered Accountants and the Royal Bank of Canada involving CAs who are chief executives, chief operating officers or chief financial officers — showed 48 per cent have optimistic views about the economy for the next 12 months.

This same survey showed the optimism rate at a similar 46 per cent in the third quarter. Given the margin of error of four points, 19 times out of 20, the quarter-to-quarter difference is insignificant.

"The business monitor results indicate that many executive CAs believe the Canadian economy is improving, but they remain cautiously optimistic about this being a period of sustainable recovery," Kevin Dancey, president of the CICA, said in a statement.

There were dramatic gains in confidence among senior CAs in previous polls when the optimism rate increased to 46 per cent in the third quarter from 28 per cent in the second, and from just four per cent in last year's first quarter.

In 2008's fourth quarter, just two per cent of chartered accountants had an optimistic view of what the economy would bring over the next year. That's the lowest optimism ever measured in this survey. It peaked at 67 per cent in the second quarter of 2007, first time this poll was done.

"It is encouraging that optimism levels have grown well beyond where they were a year ago because companies now have a better understanding of the challenges associated with today's economy," Dancey said.

CICA chairman Doug Baker said the main issues limiting the optimism of a majority of top-level accountants include continued weakness in consumer spending in Canada and the lack of a strong recovery in this country's most important export market, the United States.

"It's going to take a long time to get back to where we were before the financial crisis," Baker said in an interview. "Obviously, we'd all like to see much stronger confidence."

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