

Consumers, accountants split on economy

By Derek Abma, Financial Post, November 26, 2009

More than a quarter of respondents said they are financially worse off than six months ago -- up 1.8 points from the previous month and 0.8 points higher than in January.

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OTTAWA -- The sentiments of average consumers and chartered accountants are headed in opposite directions, according to a pair of reports released Thursday.

The mood of Canadian consumers deteriorated this month as concern over employment prospects eroded confidence, according to the Conference Board of Canada's monthly consumer confidence survey. The Ottawa-based think-tank said its consumer-confidence index fell 5.7 points to 79. It was the second straight decline.

"The outlook for future job creation remains a significant detractor to consumer confidence," the board said. "This month's results highlight just how fragile the perception of an economic recovery is at this time."

However, executive chartered accountants' sentiment about the economy over the next 12 months rose sharply in the third quarter. Forty-six per cent of respondents said they feel optimistic, up from 28% in the previous quarter, according to a poll done by the Canadian Institute of Chartered Accountants and Royal Bank of Canada.

The change shows sentiment among accountants continuing to climb out of the depths reached in the financial crisis, when it fell to 2% in the final quarter of 2008.

The e-mailed survey was done by 529 chartered accountants holding senior positions with their companies and carries a margin of error of plus or minus 4%.

"The increased optimism is encouraging since it comes from executive CAs who are on the front lines in these unsettled times," said Kevin Dancey, chief executive of the CICA.

"It is encouraging to see such a big shift in positive economic data when compared to the latter half of 2008," added Shauneen Bruder, executive vice-president of business and commercial banking at RBC.

Philip Cross, chief economic analyst for Statistics Canada, said he puts more weight on what the chartered accountants are saying than the general public -- for a few reasons.

For one, he said a quarterly measure, such as the accountants poll, tends to be a more stable measure of sentiment than a monthly gauge, like the consumer-confidence index.

Mr. Cross also speculated that some consumers could be affected by negative media reports they're getting about the U.S. economy.

He said a number of economic gauges, such as employment, the stock market and housing, all point to an improving economic situation in Canada.

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