

WRAPUP 1-Canada consumers get the blues, accountants brighten

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- * Survey shows consumer gloom on financial prospects
- * No great expectations for employment either
- * Survey of accountants rosier on economy

By Jennifer Kwan

TORONTO, April 27 (Reuters) - Consumer confidence fell in April in Canada, but the nation's accountants displayed optimism about the economy in the first quarter that approaches levels not seen since 2007, surveys on Tuesday showed.

The Conference Board of Canada said its consumer confidence index was down a sharp 7.8 points to 84.8 this month.

"This last month was a surprise to see it come down," said Pedro Antunes, director of national and provincial forecasts at the Conference Board. "We think it may have something to do with the fact that there's a lot of news about interest rates and lending rates coming up."

Antunes said the market consensus that interest rates will rise this year has also spurred concern about a correction in Canada's booming housing market. Changes in mortgage rules and revised sales-tax regimes in Ontario and British Columbia have added to the concern about falling demand. [ID:nN18184642] [ID:nN15137487]

"Households are very heavily invested in their homes and if they feel there may be some correction to housing prices that may have played a role in the numbers," he said.

The quarterly Business Monitor survey done in March by the Canadian Institute of Chartered Accountants and Royal Bank of Canada, however, did not reflect the concern. The survey seeks the opinions of executive chartered accountants who have first-hand knowledge of the financial performance of Canadian companies.

Sixty-one percent of executive chartered accountants surveyed said they were optimistic about the economy over the next 12 months, up from the 48 percent who expressed optimism in the final quarter of 2009. The figure was in stark contrast to the 4 percent who were optimistic in the first quarter of 2009.

"The latest findings clearly underscore a growing comfort with the Canadian economy," Kevin Dancey, president and chief executive of the Canadian Institute of Chartered Accountants.

CONSUMERS SEE GLOOM

In the consumer survey, respondents were particularly negative about their financial prospects.

Those who said their financial situation had improved over the past six months rose just 1 percentage point to 15.6 percent, while those who said they are worse off financially than they were six months earlier rose 4.7 points to 24.2 percent.

The number of respondents who said their financial situation will worsen over the next six months rose 6.5 points to 18.9 percent. Negative sentiment about future finances has been trending higher for the past six months, the Conference Board said.

Sentiment on expectations about employment dipped in April. Respondents were asked if they felt there would be more jobs in their communities six months from now, and 26.7 percent replied that they did -- a 3.1 percentage point decrease.

The share of respondents who said they feel there will be fewer jobs in six months rose 1.2 points to 17.2 percent, the survey said. The Conference Board noted, however, that the broader trend on employment had been positive over the past 12 months.

Western provinces experienced declines in confidence readings, as did Quebec, the survey showed. Ontario and Atlantic Canada, however, "managed to escape the gloom," the board said.

The index of consumer confidence had risen modestly in March. [ID:nN24146249] The latest survey was based on more than 2,000 telephone interviews conducted between April 8 and 19. (Reporting by Jennifer Kwan; editing by Peter Galloway)