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Executives' business optimism held steady in Q4: report

By QMI Agency

Business optimism among Canadian executives held steady in the fourth quarter on optimism the economy is continuing to recover, a new survey found.

The CICA/RBC Business Monitor found that 48% of chartered accountants holding a senior position in a Canadian company were optimistic about the economy over the next year. That compares with 46% in the third quarter.

The previous two quarters had shown a significant jump in optimism levels, the monitor said.

“What is causing some pause is that for the economy to really turn around and go back to the strength and vibrancy we saw before, we need a stronger performance from the U.S.,” said Doug Baker, chairman of the Canadian Institute of Chartered Accountants.

The Bank of Canada is predicting Canadian economic growth will accelerate from the second half of this year and into 2011. It warns however, that a strong dollar and continuing weak demand from Canada's biggest trading partner south of the border may drag on growth.

The Business Monitor also found that chartered accountants expect both revenue and profit to rise over the next 12 months. Revenue is forecast to increase on average 3.3%, with profit up 3.2%. Employment is likely to rise 0.8%, the survey found.

In the same quarter a year ago, forecasts in all three categories were for a decline.

Baker said the forecasts for 2010 remain modest as consumer demand hasn't fully bounced back and recovery from the recession will take some time.

“There are indications of a slight increase in signals that companies are hiring, but for sure not a big increase,” he said.

That said, confidence levels going into 2010 are sharply higher than they were this time last year. In the fourth quarter of 2008, only 2% of those surveyed were optimistic about the economy and only 4% indicated optimism in the first quarter of 2009.

The quarterly survey polls chartered accountants holding senior positions in Canadian companies, such as chief financial officers or chief executives.

The December survey was completed by 391 executives.