

Executive CAs more optimistic about the Canadian economy

TORONTO, August 26, 2009 — Optimism about the Canadian economy is up significantly among senior-level chartered accountants interviewed for the most recent *CICA/RBC Business Monitor* (Q2 2009). Despite that growing optimism, some gloomy economic expectations linger.

Twenty-eight per cent of the respondents expressed optimism in the economy over the next twelve months. That is up sharply from four per cent in the first quarter of this year and just two per cent in the last quarter of 2008. In fact, optimism levels have returned to where they were a year ago, but they still lag far behind those recorded in the final three quarters of 2007 (67 per cent, 66 per cent and 63 per cent).

“Optimism may be rising but economic expectations are still not good enough to warrant universal good cheer,” said Kevin Dancey, FCA, president and CEO, Canadian Institute of Chartered Accountants (CICA). “An increase in optimism among senior-level chartered accountants is encouraging and it signals that a difficult balancing act lies ahead. Business leaders must address short-term issues but attention also must be paid to the future to ensure companies are in position to take full advantage of the eventual recovery.”

While a more positive outlook appears to be taking shape, it may be a while before the economy turns around. Just like the previous Business Monitor report, about two-thirds of respondents expect the Canadian economy to return to economic growth by the end of Q2 2010 at the latest. RBC Economics believes this may in fact happen earlier, even as early as the current quarter ending in September.

The survey suggests that respondents now believe the drops in revenues, profit and employment numbers will not be as sharp as anticipated last quarter. This quarter, respondents predict declines for their own businesses for the next twelve months to be revenues (-0.8%), profit (-1.1%) and employment numbers (-0.7%). In comparison, last quarter the following declines were projected for the next twelve months: revenue (-3.9%), profit (-4.3%) and employees (-3.0%).

Half of respondents expect their own companies to grow faster than the Canadian economy (51 per cent). Almost one-in-four anticipate their companies growing at the same pace as the country's economy, while 24 per cent expect to grow at a slower rate.

“Although businesses have endured challenges over the past year, signs point to a more positive outlook,” added Shauneen Bruder, executive vice president, Business and Commercial Banking, RBC. “One encouraging sign is the level of business investment. Despite a sharp decline in the first quarter of 2009, the pace of decline of business investment appears to be easing. As inventories and resources become depleted, we will see businesses cautiously taking the steps to be recovery ready.”

Chartered Accountants of Canada

277 Wellington Street West
Toronto, Ontario Canada M5V 3H2
Tel: 416 977.3222 Fax: 416 977.8585
www.cica.ca

Comptables agréés du Canada

277, rue Wellington Ouest
Toronto (Ontario) Canada M5V 3H2
Tél. : 416 977.3222 Téléc. : 416 977.8585
www.icca.ca



The *CICA/RBC Business Monitor* is issued quarterly, based on a survey conducted by The Canadian Institute of Chartered Accountants (CICA). The report draws upon business insights of CAs in leadership positions in privately and publicly held companies across Canada. For this Q2 2009 report, emailed surveys were completed by 433 CAs of 3,750 identified by the CICA as holding senior positions (CFOs, CEOs and COOs) in publicly or privately held companies in Canada. The response rate was 12 per cent, with a margin of error associated with this type of study at ± 4.7 per cent, with a confidence level of 95 per cent.

The *CICA/RBC Business Monitor (Q2 2009)* is part of an international initiative. The American Institute of Certified Public Accountants (AICPA) in the United States and the Institute of Chartered Accountants in England and Wales (ICAEW) in the United Kingdom also undertake quarterly studies that tap the insights of members in senior positions to provide a barometer of economic activity in their nations and as a basis for future comparative analysis across countries. A background document is available online at www.cicarbcbusinessmonitor.com.

About CICA

The Canadian Institute of Chartered Accountants (CICA), together with the provincial, territorial and Bermuda Institutes/Ordre of Chartered Accountants, represents a membership of approximately 75,000 CAs and 12,000 students in Canada and Bermuda. The CICA conducts research into current business issues and supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government. It issues guidance on control and governance, publishes professional literature, develops continuing education programs and represents the CA profession nationally and internationally. CICA is a founding member of the International Federation of Accountants (IFAC) and the Global Accounting Alliance (GAA).

About RBC

RBC delivers a wide range of financial services through a variety of channels to individuals, small and medium-sized businesses and commercial clients, including deposit accounts, investments and mutual funds, credit and debit cards, business and personal loans, and residential and commercial mortgages. It is the personal and commercial banking division of Royal Bank of Canada (RY on TSX and NYSE).

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Interviews can be arranged with Kevin Dancey, CICA president & CEO, by contacting:
Tobin Lambie, CICA, (416) 204-3228 or c/o tobin.lambie@cica.ca

Interviews can be arranged with Shauneen Bruder, executive vice-president, RBC Business and Commercial Banking, by contacting:

Matt Gierasimczuk, (416) 974-2124 or c/o matthew.gierasimczuk@rbc.com; or
Janet Gibson Eichner, (416) 974-7622 or c/o janet.gibson-eichner@rbc.com