

# Canadians' confidence in recovery dips, poll finds

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A new poll shows that unlike leading economists, the average Canadian's confidence in the country's economic recovery was muted in the first quarter.

National pollster Nik Nanos found that Canadians are less likely to believe that the economy will strengthen in the first few months of 2010. Just under 44% of respondents said they think the economy will be stronger, that's down five percentage points from last quarter.



REUTERS/ Kim Kyung Hoon

The sentiment stands in contrast to forecasts from at least two of Canada's largest banks. Bank of Montreal and Royal Bank of Canada recently indicated higher domestic growth forecasts due to a string of better-than-expected data including strong real estate, trade, employment, manufacturing, auto and retail sales numbers.

BMO upped its first-quarter Gross Domestic Product projections by a full percentage point to 4.7%. Looking out one year, the bank now pegs GDP growth at 3.2% up from 3% initially forecast.

"And that may not be the final word," BMO Deputy Chief Economist Douglas Porter said in a recent note.

RBC is revisiting its initial forecasts as well and could pencil in first-quarter GDP growth at above 4% soon, reports suggest.

"The strong rise at the end of the fourth quarter suggests strong momentum going into the first quarter of 2010," the bank said.

The "Nanos Economic Monitor" also found fewer Canadians believe the value of their home will rise in the next six months. Just over 41% of people said real estate values will increase compared to 46% in the last quarter of 2009.

And although more respondents said their personal finances are in better shape now than they were one year ago, more people said they expect their personal debt to rise in the next six months.

"There are likely a number of factors at play," Nanos said in the release.

The federal government's latest budget, with its message of fiscal belt-tightening, likely had a psychological impact on Canadians, he said.