



NEWS RELEASE

Embargo – Wednesday, October, 4th – 10 AM

CQCD – Consumer spending trends
QUEBEC CONSUMERS ARE IN AN OPTIMISTIC MOOD

Montréal, October 4, 2006 – The Conseil québécois du commerce de détail/Retail Council of Quebec (CQCD) today released the results of a survey conducted on its behalf by Géocom Recherche on the consumer spending trends and buying habits of Quebecers.

➤ **Quebec households and their perception of their financial situation**
The last six (6) months

The survey reveals that 69% of households perceive their financial situation as being unchanged over the last six (6) months; 16% see their situation as having improved, while 15% have noted a deterioration. The rise in the cost of living was the main reason cited by households reporting a deterioration in their financial situation over the last six (6) months; it was mentioned by 60% of those respondents.

Nonetheless, 85% of households see their financial situation as having remained stable or even improved.

The next six (6) months

Despite the uncertainty surrounding energy costs, more than 85% of households are moderately optimistic about the short-term future. According to the survey, 87% of Quebec households expect their financial situation to remain unchanged (65%) or even improve (22%) over the next six (6) months. Among the more pessimistic households (9%), the rise in the cost of living is cited in 61% of cases as the main factor contributing to their financial situation.

“Quebecers are not afraid of losing their jobs or having less income. Rather, they are afraid that their expenses will increase by more than their income,” concludes Me Gaston Lafleur.

➤ **Quebec’s financial situation**

There has been a shift in Quebecers’ perceptions of the province’s financial health. The survey indicates that 61% of Quebecers believe that Quebec’s economic situation will remain the same (51%) or improve (10%) over the next six (6) months. At this time last year, 41% of Quebecers were optimistic in this regard.

In fact, 28% of Quebecers are now pessimistic concerning Quebec’s economy in the short term, compared with 50% at this time last year. Quebec consumers are in an optimistic mood, as gas prices have stabilized compared with their dramatic rise to \$1.40/litre at this time last year.

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➤ Quebecers' spending intentions

Major purchases

According to the survey, 20% of Quebecers plan to make a major purchase (automobile, furniture, household appliances, computers, etc.) in the next six (6) months, compared with 15% at this time last year. Young people under 35 and more affluent households are the two main groups intending to make major purchases. Automobiles rank first among the major purchases planned (8%), followed by furniture (4%), household appliances (4%) and computer equipment (4%).

"Big ticket items will be on the shopping lists of a great number of consumers who intend to make this type of purchases compared with the same period last year," notes Me Lafleur.

Other consumer goods

In the next six (6) months, Quebec consumers intend to spend more on footwear and clothing (+2%). On the other hand, they intend to spend less on toys (-25%), audio and video equipment (-22%) and household accessories (-20%).

➤ The Géocom – CQCD confidence index

The Géocom – CQCD confidence index at the beginning of September is 97.4; this is higher than the confidence index of 90.0 established in March 2006.

Quebec households' perception of the province's financial situation and the current climate with regard to major purchases are the major elements contributing to the increase of the index.

"Quebec consumers are moving towards stricter budget management in order to better control their personal finances. The perception of the rising the cost of living could have an impact on households' discretionary income and will result in consumers making more careful choices as to their purchases in the coming months," concludes Me Lafleur.

"The current economic context remains favourable to consumer spending; nonetheless, the shock of higher energy costs that households have recently had to absorb will make them more cautious in the use of their discretionary income in the short term." explains CQCD president Me Gaston Lafleur.

The survey polled a random sample of 1007 Quebecers, between August 30 2006 and September 8, 2006. It has a margin of error of 3.2%, 19 times out of 20.

The Conseil québécois du commerce de détail/Retail Council of Quebec (CQCD) is proud to promote, represent and enhance the image of the retail sector and its members, in order to ensure the sound development and prosperity of the sector. The CQCD represents more than 70% of retail activity in Quebec; it is the most representative organization for Quebec retailers and an indispensable interlocutor for the sector it represents.

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Source: Conseil québécois du commerce de détail
Internet site: www.cqcd.org

Information: Me Gaston Lafleur, President
Conseil québécois du commerce de détail/Retail Council of Quebec
Telephone: (514) 842-6681, ext. 200 · 1-800-364-6766

630, rue Sherbrooke Ouest, bureau 910, Montréal (Québec) H3A 1E4
Téléphone : (514) 842-6681 · 1-800-364-6766 · Télécopieur : (514) 842-6681 · Courriel : cqcd@cqcd.org