The Canadian Maru Household Outlook Index (MHOI)

With monthly tracking of Canadian citizen-consumers and their 60-day outlook about the Canadian economy and their personal finances

April 2024

The April 2024 Canadian Maru Household Outlook Index (MHOI) is at 87 and is holding steady from its calculation last month. The current MHOI continues at its highest level since May 2023. Here are the three primary influences on the Index this month:

- **More Canadians (66%, up from 64% last month) believe the state of the national economy is on the wrong track** compared to just over one-third (34%, down from 36%) who feel it is headed in the right direction. Notably, the last time a majority held a positive view was far back in November 2021 (54%). Since then, assessments of the economy's trajectory have been negative for a consecutive 29-month stretch. The most recent peak of pessimism occurred in October/November 2023 (70%).

- **A larger proportion of Canadians believe their personal financial position worsened this month compared to last month.** This measurement uses a "gap score" calculation—a +/- difference between the improved/worsened respondents while not counting those who feel their financial situation has remained the same. The gap score this month is -13 (11% improved versus 24% worsened) compared to last month's -11 (12% improved versus 23% worsened) for a difference of -2.

- **Less Canadians (17%, down from 18% last month) currently feel they have a propensity to default on major loan or mortgage payments.** The proportion most acutely expressing this severe financial strain also edged down (from 6% to just 5%). However, default anxieties remain elevated compared to the past couple years. The highest recorded measure for this sentiment occurred in September 2023 at nearly one in five (18%), while the most recent low point was back in May 2022 (8%).

Compared to last month's sounding, a directional summary *of all twenty-two tracked elements* (pages 7-10) finds Canadians have soured on the macro-economic outlook, a greater proportion feel their pocketbooks are worse off, and their purchase intentions for big ticket items and homebuying are down. This is offset by a reporting of a more short-term personal and retirement savings improvement, and an overall sense that their financial and personal challenges have lessened. This latter point may have been reflected in the Bank of Canada statement of April 10, 2024, that while its preferred core inflation measure has eased up in recent months it will hold to its current 5.0% lending rate (fixed since last July) and look for further evidence that this momentum is sustained before any rate cut arrives.

As Finance Minister Chrystia Freeland prepares her budget for April 16, 2024, there is a great deal at stake for not just the financial health of the country and its capacity to grow for her Liberal political party as it eyes an election on the long-range horizon, likely in 2025, which by recent polling measures would produce in a landslide win by the opposition Conservatives. **For a contextual canvass of the audience that awaits that budget**, the newest wave of data from the MHOI paints a distressing picture of profound economic angst that continues to grip most Canadian households.

The findings reveal a public profoundly discouraged about the state of the national economy, burdened by acute personal financial pressures, and harboring deepening insecurities about the economic trajectory for themselves personally and the nation. Negative sentiment is pervasive across multiple dimensions, underscoring the formidable headwinds confronting both consumer confidence and the nation's broader economic prospects, well cemented before the negatively received carbon tax increase arrived on April 1, 2024.

The greatest influence on the MHOI this month is the two-thirds majority (66%) of Canadians who feel the national economy is "on the wrong track", compared to just one-third (34%) who say it's "moving in the right direction" (38%).

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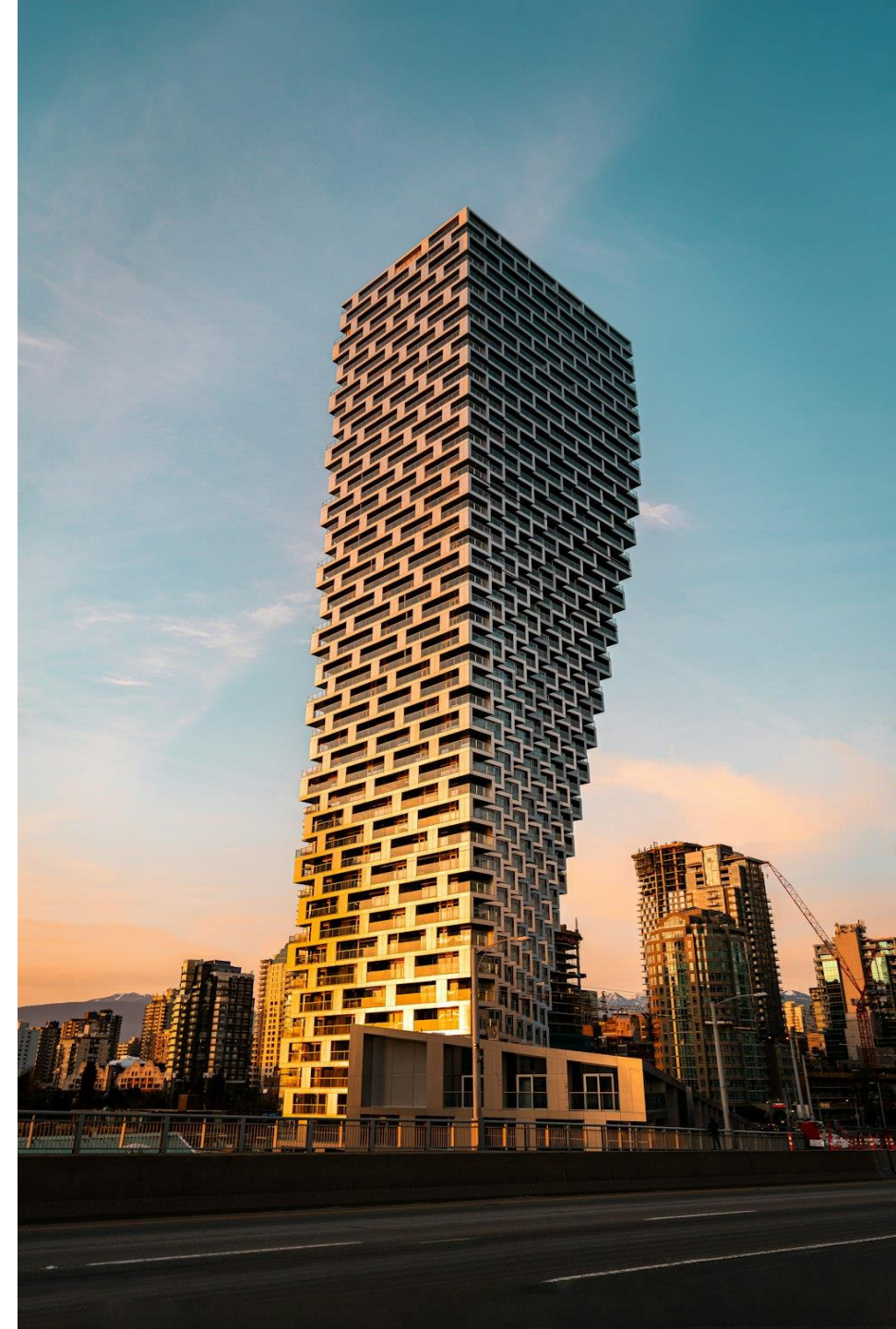
This lopsided 2:1 ratio highlighting negativity about the macro trajectory is up from last month and is just shy of its peak level in October/November 2023 (70%). As MHOI readers will know, most Canadians fell into this mindset in the later fall of 2021 after a federal election delivered a second minority government to Liberal Prime Minister Justin Trudeau amidst escalating inflation. The latest results also demonstrate that majorities of Canadians don't expect any improvement for either the national (61% versus 39%) or their local (59% versus 41%) economies any time soon, up slightly from last month.

The data also reveals pocketbook strain as a quarter (24%) feel their personal financial position has "become worse" over the past month compared to far fewer (11%) who think they're better off. Further highlighting the squeeze on households, a majority (52%) expect to worry about their personal/family day-to-day finances over the next two months, well over one-third (37%, albeit down from its peak of 41% in January) anticipate having a struggle to make ends meet, and three-in-ten (37%, also just off its peak of 34% in January) likely needing to rely on government programs to make ends meet. Note that despite edging down this month, **these latter measures have been in a heightened state of anxiety for the last fourteen months.**

On key household financial pillars, over one-third (36%) don't believe they have sufficient emergency savings stockpiled should a difficulty arise, and three-in-five (59%) lack confidence in their investments and savings sufficiently to support their family's future. In addition, just over one-in-ten (13%) fear they may lose their job as the real-world unemployment rate has risen from 5.8% in January to 6.1% now, and the worries over loan default (17%) and even bankruptcy (10%) influenced by the whiplash of soaring inflation that deescalated as a swap for hockey-stick-curved interest rates hikes. All in all, **it paints a picture of a Canadian public still experiencing a destabilizing hangover from the pandemic's disruptions and underscores how fragile the collective economic sentiment is for both citizens and consumers alike.**

As most know, restoring economic confidence must not just be about the tangible bread-and-butter betterment for households but **also must extend to the intangible belief that the country's governing leadership is moving the state of the economy in the right direction** to do so. On that front, while Prime Minister Trudeau trails in current voter intention polling with one-quarter (25%) support, his strategists appear to believe that a narrow path to securing at least another Liberal minority government is possible if economic optimism rebounds sufficiently over the next year. Needing roughly one-third of the popular vote to deliver that low-bar outcome (the 2021 election yielded them 32.62%), those resurgent voters may come from three strategically targeted buckets.
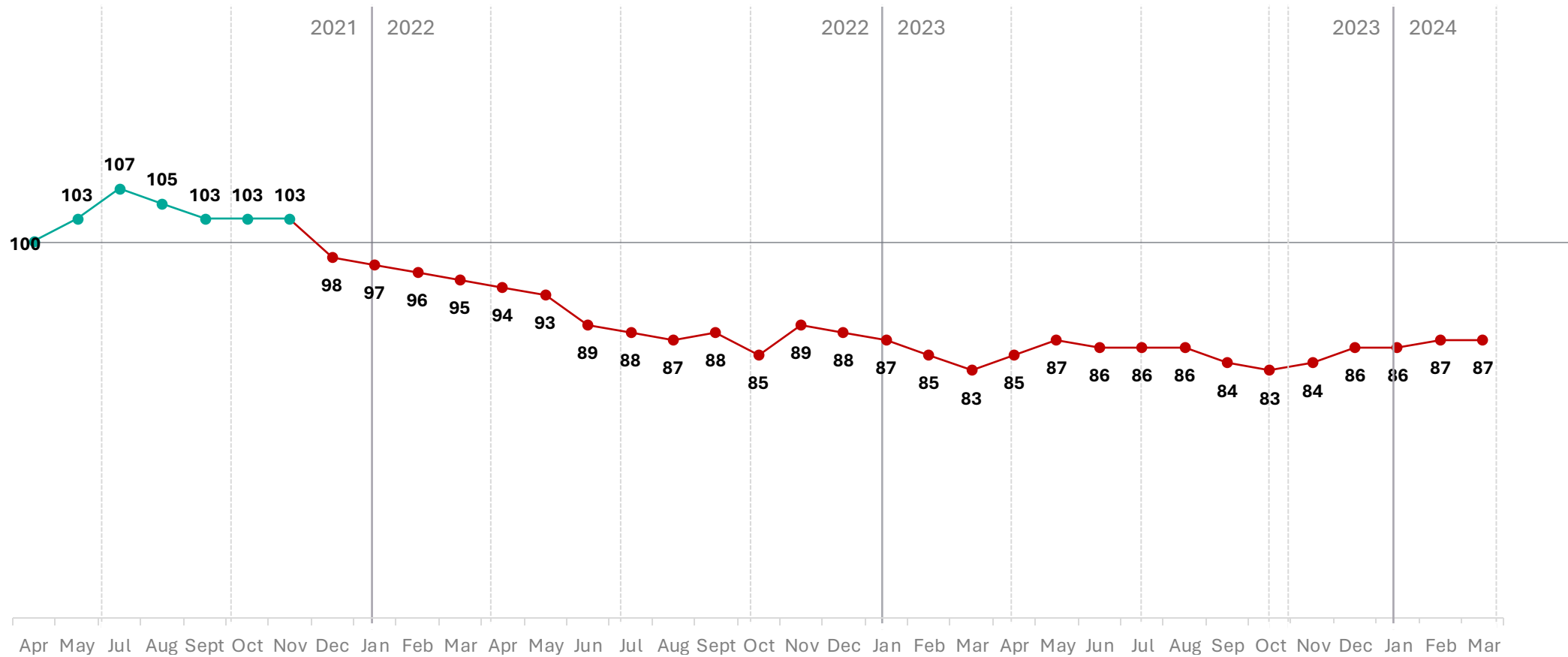
The **first** would be from those who currently hold a positive economic outlook (38%) and others who may join them as interest rates fall and the economy picks up to give the government some credit. **Second,** with the carbon tax now in place and thus stealing some "spike the hike" rhetoric from an Opposition leader who they surmise has peaked and has nowhere to go but down, amp up that the Liberal party and its leader **is the alternative** to a right-wing, MAGA, nasty piece of work that many Canadians will reject at the ballot box in favour of a nose-holding status quo outcome. Without switching leaders, the runway for both is at least another year or more.

The **third** bucket to draw from are among those voters who believe that a vote for the governing party will ease their burdens and torment by spending on programs that are aligned with their needs and values while helping bind the much-needed Liberal-NDP coalition to achieve the overarching result. For that to work, it will need the **forthcoming federal budget to be its corner stone with a right direction blueprint, so stay tuned.**

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The Canadian Maru Household Outlook Index (MHOI)
April 2024 **87**

2021 2022   2022 2023   2023 2024

100 103 107 105 103 103 103 98 97 96 95 94 93 89 88 87 88 85 89 88 87 85 83 85 87 86 86 86 84 83 84 86 86 87 87

Apr May Jul Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar

The Appendix reveals the questions and formula used to calculate the monthly index.

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Who's Driving the Index this Month?

The April 2024 Canadian MHOI is at 87 and is holding steady from its calculation last month. The current MHOI continues at its highest level since May 2023. Here's a description of those behind the three primary influences on the Index this month:

- **More Canadians say the state of the Canadian economy is on the wrong track (66% up from 64% last month) compared to those who believe it is moving in the right direction (34% down from 36% last month).** Those Canadians most likely to have influenced the **more negative view** about the state of the Canadian economy being **on the wrong track** are from almost every region of the country and led by those living in Alberta (74% +7) and Ontario (70% +6), followed by those residing in British Columbia (55% +2) and Québec (63% +1). Demographically, those Canadians more negative this month than last are the youngest (aged 18-34 67% +7 versus those who are older 35-54 69% +1/55+ 63% N/C), those with the highest earnings ($100k+ 60% +5 lower income <$99K 68% +2), and men (62% +3 versus women 70% +2). Those more likely to be **more positive** about the state of the Canadian economy **moving in the right direction** this month versus last month reside in Manitoba/Saskatchewan (42% +12) and Atlantic Canada (28% +2).

- **A larger proportion of Canadians believe their personal financial position worsened this month compared to last month.** This measurement uses a "gap score" calculation which is a +/- difference between the improved/worsened respondents while not counting those who feel their financial situation has remained the same. The gap score this month is -13 (11% improved versus 24% worsened) compared to last month's -11 (12% improved versus 23% worsened) for a difference of -2. Those most likely to have increased their negative perception of their financial position are those who live in Atlantic Canada (-24), women (-10), those who are the youngest (aged 18-34 -7), those with the least amount of income (<$50K -5) and those residing in Ontario (-2). Those with better perceptions of their financial position are led by those living in British Columbia (+5) and Alberta (+4), those with middle income ($50K-$99K +4), middle-aged (35-54+2), and those residing in Manitoba/Saskatchewan (+2). Those with the highest income ($100K +) and those living in Québec had no difference in their month over month gap score.

- **Less Canadians (17%, down from 18% last month) currently feel they have a propensity to default on major loan or mortgage payments.** The following is the difference in percentage points among those who feel *less likely* that they will default this month compared to last month: led by those most likely to be living in British Columbia (-7), the youngest (aged 18-34 -6), the highest income earners ($100K+ -6), -4), men (-2), women (-1) and those residing in Ontario (-1). Those Canadians feeling *more vulnerable* to a potential default live in Alberta (+4), followed by those in Manitoba/Saskatchewan (+2), Atlantic Canada (+1), those who are the oldest (55+ +1), and those with middle income ($50K-$99K). Those with the least amount of income (<$50K) have no change in their month over month status and believe they are most likely to default (26%).

Note +/- indicates percentage point difference from the previous month

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By the numbers

Thinking of the state of the economy, would you say it is…?
- Moving in the right direction **34% -2**
- On the wrong track **66% +2**

Specifically focused on your financial position, would you say it has…?

- Improved since last month **11% -1**
- Remain the same over the last month **65% +2**
- Become worse since last month **24% +1**

Over the next sixty (60) days is it **very/somewhat**/**not very/not at all** likely that…?

- The national economy will improve **39% -1 61%**
- The local economy where I live will improve **41% -1 59%**
- I will have more than two months of savings to cover any unexpected costs or needs **64% N/C 36%**
- I will put away money for my retirement/old age security **51% +1 49%**
- I will have enough personal/family investments and savings for the future **59% +2 41%**
- I will be worried about my personal/family day-to-day finances **52% -3 48%**
- I will have the ability to purchase the products needed for me/our family **84% +1 16%**
- I will invest in the financial markets because now is a good time to do so **32% -2 68%**
- I will purchase big ticket items like a car or furniture **18% -1 82%**
- I will buy a house **10% -2 90%**
- I will struggle to make ends meet **37% -2 63%**
- I will default on making payments on major loans or a mortgage **17% -1 83%**
- I will lose or be laid off from my job because of lack of business/work **13% -1 87%**
- I will likely declare bankruptcy **10% -1 90%**
- I will earn a livable wage **62% N/C 38%**
- I will have enough food for myself/family **89% -1 11%**
- I will be able to afford to keep a roof over my/my family's head **77% N/C 23%**
- I will rely on government programs to make ends meet **30% -2 70%**
- I will move to a smaller residence because I need to save money **18% +1 82%**
- I will take a learning course to upgrade my skills/education **24% +1 76%**

Note +/- indicates percentage point difference from the previous month

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The Canadian Maru Household Outlook Index (MHOI): Economic Outlook

Over the next 60 days, likely to...

All macro-economic outlook measures are down, especially the state of the economy moving in the right direction

Local economy will improve
National economy will improve
State of the economy is moving in right direction

52%
50%
48%

41%
39%
34%

2021   2022   2022   2023   2023

Apr May Jul Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec Jan Feb Mar
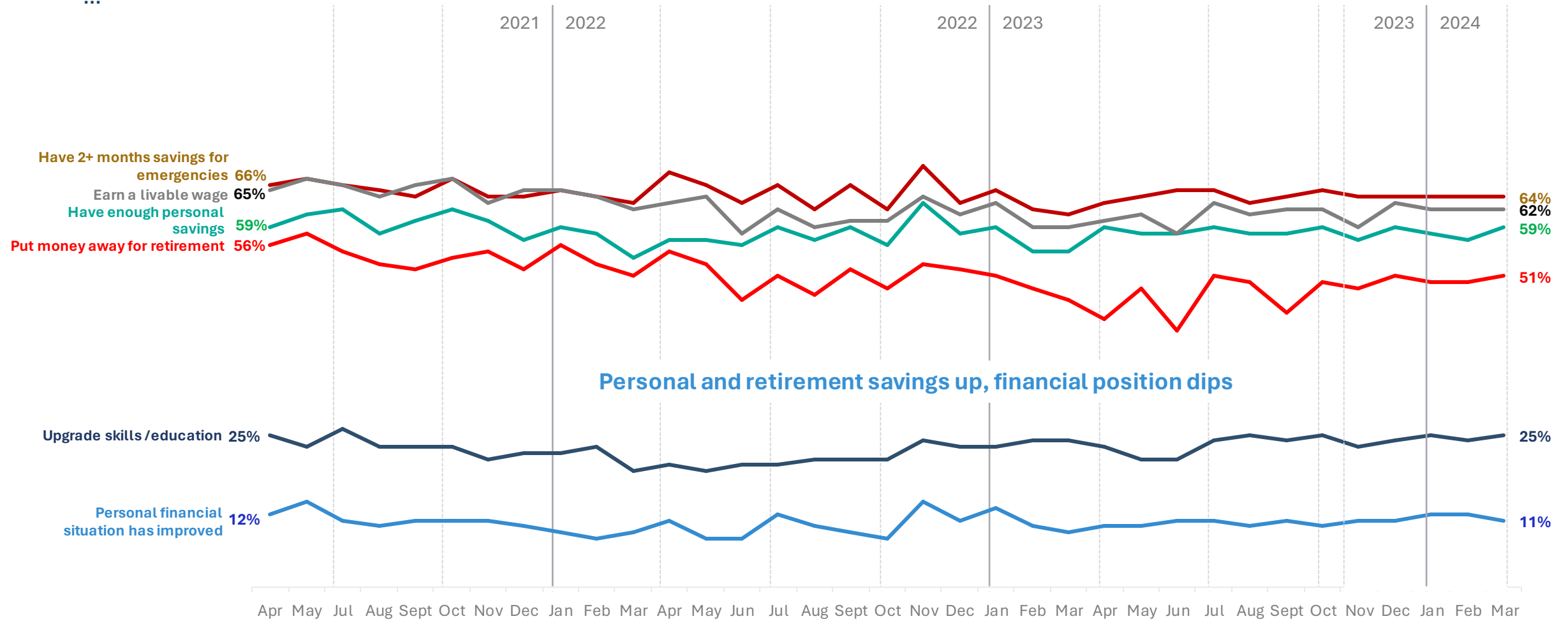
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The Canadian Maru Household Outlook Index (MHOI): Personal Finances

Over the next 60 days, likely to...

...

Legend (left axis labels):
- Have 2+ months savings for emergencies — 66%
- Earn a livable wage — 65%
- Have enough personal savings — 59%
- Put money away for retirement — 56%
- Upgrade skills/education — 25%
- Personal financial situation has improved — 12%

Right axis values: 64%, 62%, 59%, 51%, 25%, 11%

Years marked: 2021, 2022, 2022, 2023, 2023, 2024

Months axis: Apr May Jul Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec Jan Feb Mar

Personal and retirement savings up, financial position dips

The Canadian Maru Household Outlook Index (MHOI): Purchasing Power

Over the next 60 days, likely to...

2021 2022 2022 2023 2023 2024

Ability to purchase products 88% — — 84%
Keep a roof over our heads 84% — — 77%

House buying and investment in the financial markets trend downward

Invest in financial market 34% — — 32%

Buy a big-ticket item 18% — — 18%
Move to smaller residence to save money 12% — — 18%
Buy a house 9% — — 10%

Apr May Jul Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec Jan Feb Mar

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The Canadian Maru Household Outlook Index (MHOI): Challenges

Over the next 60 days, likely to...

Challenges and struggles ease right across the board, in every category

- Have enough food: 92% → 89%
- Worried about personal finances: 41% → 52%
- Struggle to make ends meet: 27% → 37%
- Rely on government programs: 23% → 30%
- Lose my job: 12% → 17%
- Default major loan/mortgage: 10% → 13%
- Declare bankruptcy: 6% → 10%

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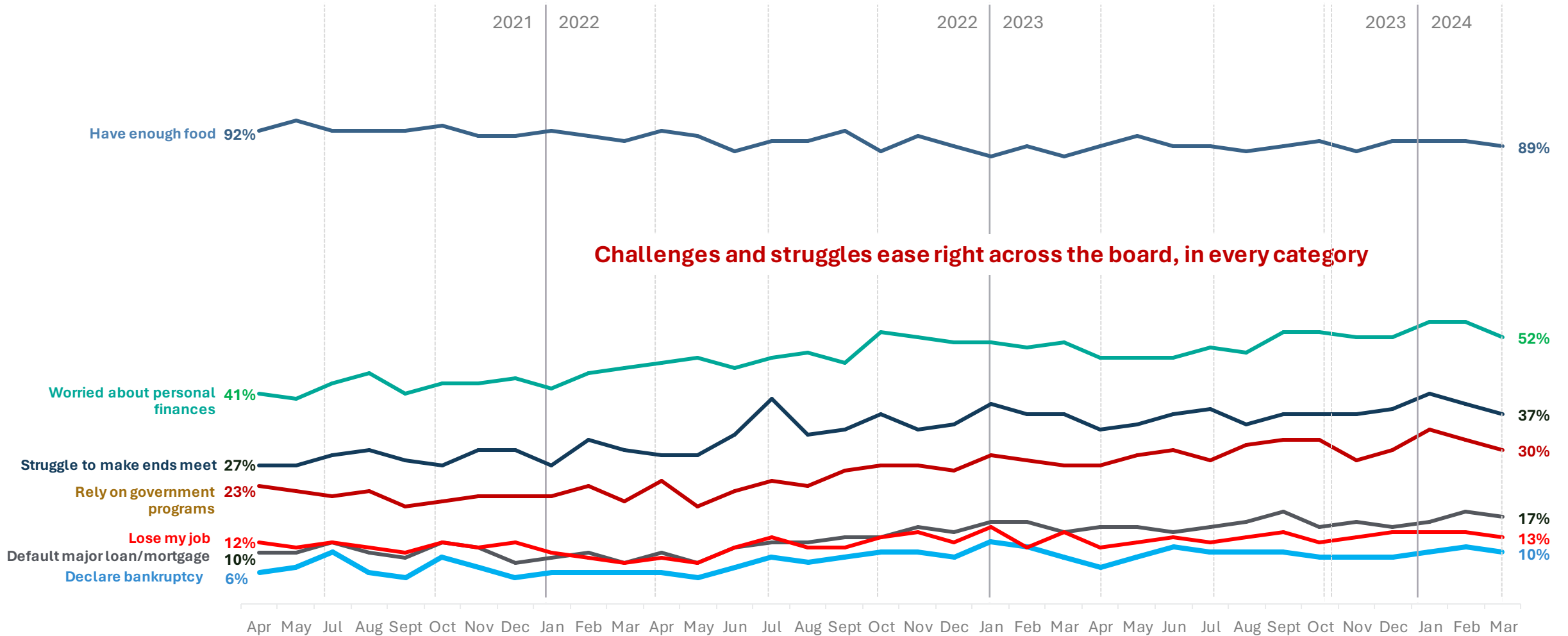
Data Collection Methodology for this Month's Wave

- These are some of the findings from a study released by Maru Public Opinion undertaken by its sample and data collection experts at Maru/Blue on March 28-29, 2024, among a random selection of 1,531 Canadian adults who are **Maru Voice Canada** online panelists. For comparison purposes, a probability sample of this size has an estimated margin of error (which measures sampling variability) of +/- 2.5%, 19 times out of 20.

- The results have been weighted by education, age, gender, and region (and, in Quebec, language) to match the population according to Census data which ensures the sample is representative of the entire adult population of Canada. Discrepancies in or between totals when compared to the data tables are due to rounding.

- Panel and data services provider **Maru/Blue** is deeply rooted in the Maru/HUB technology platform and offers on-demand, high-quality, highly scalable online community samples of deeply engaged, known respondents. **Maru Public Opinion** is a professional research services channel dedicated to improving its clients' business outcomes. It delivers its services through teams of sector-specific research consultants specializing in the use of Insight Community and Voice of Market technology. Maru Public Opinion publicly released Canadian polls with supporting detailed tables are found here: **Maru Public Opinion Canada**. Corporate information can be accessed here: **Maru Group**. Excerpts from this release of findings should be properly attributed, with interpretation subject to clarification or correction. Maru Public Opinion does not do any work for any political party.

- The methodology and questions used for the calculation of the monthly Maru Household Outlook Index (MHOI) can be found in the Appendix. Detailed tables are simultaneously posted with the public release of this document at **Maru Public Opinion Canada** or are available upon request. Presentations and/or media interviews about these and subsequent results can be provided, and individuals may be added to a distribution list, upon request to **john.wright@marublue.com**.

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Appendix

Index Calculation

The MHOI is derived from a sixteen-item summated rating scale, fourteen of which are on a four-point scale, with each level having a different weight. A fifteenth item has a binary response, and only the proportion of positive responses is used. The sixteenth item asks respondents to describe how their financial position had changed in the past month wherein the proportion of respondents whose situation has improved or remained constant is kept, with both top options having the same weight in the Index. Each statement score is multiplied by either 1 or -1 depending on whether the attribute is optimistic or pessimistic.

The Index scores are added, multiplied by 100, and finally divided by the total for the baseline month (April 2021) to give us the weighted index. Any Index output below a composite score of 100 is considered to be negative/pessimistic, and any above a composite score of 100 is considered to be positive/optimistic. The resulting measure is both valid and reliable.

The MHOI Index number reported in any given month is based on a "rolling average" formula that combines the incumbent data from that month plus the two previous monthly waves (which triples the usual monthly sample size wave of ~1,500 completed interviews for a total of ~4,500). In order to heighten the freshness of the Index number reported, the incumbent month is given a weight of 45%, the data from the previous month is given a lesser weight of 35%, and the data from the earliest of the three months is given an even lesser weight of 20%. The output from this formula produces the MHOI Index number reported and charted for comparison with previous iterations.

Index Questions

Thinking of the state of the economy, would you say it is…? (Tracking began in April 2021)
- Moving in the right direction
- On the wrong track

Specifically focused on your financial position, would you say it has…? (Tracking began in April 2021)
- Improved since last month
- Remain the same over the last month
- Become worse since last month

Over the next sixty (60) days is it very likely/somewhat likely/not very likely/not likely at all that… (Tracking began in July 2020)
- The national economy will improve
- The local economy where I live will improve
- I will have more than two months of savings to cover any unexpected costs or needs
- I will put away money for my retirement/old age security
- I will have enough personal/family investments and savings for the future
- I will be worried about my personal/family day-to-day finances
- I will have the ability to purchase the products needed for me/our family
- I will invest in the financial markets because now is a good time to do so
- I will purchase big ticket items like a car or furniture
- I will buy a house
- I will struggle to make ends meet
- I will default on making payments on major loans or a mortgage
- I will lose or be laid off from my job because of lack of business/work
- I will likely declare bankruptcy

Additional Questions (Tracking began in July 2020)

Over the next sixty (60) days is it very likely/somewhat likely/not very likely/not likely at all that…
- I will earn a livable wage
- I will have enough food for myself/family
- I will be able to afford to keep a roof over my/my family's head
- I will rely on government programs to make ends meet
- I will move to a smaller residence because I need to save money
- I will take a learning course to upgrade my skills/education

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