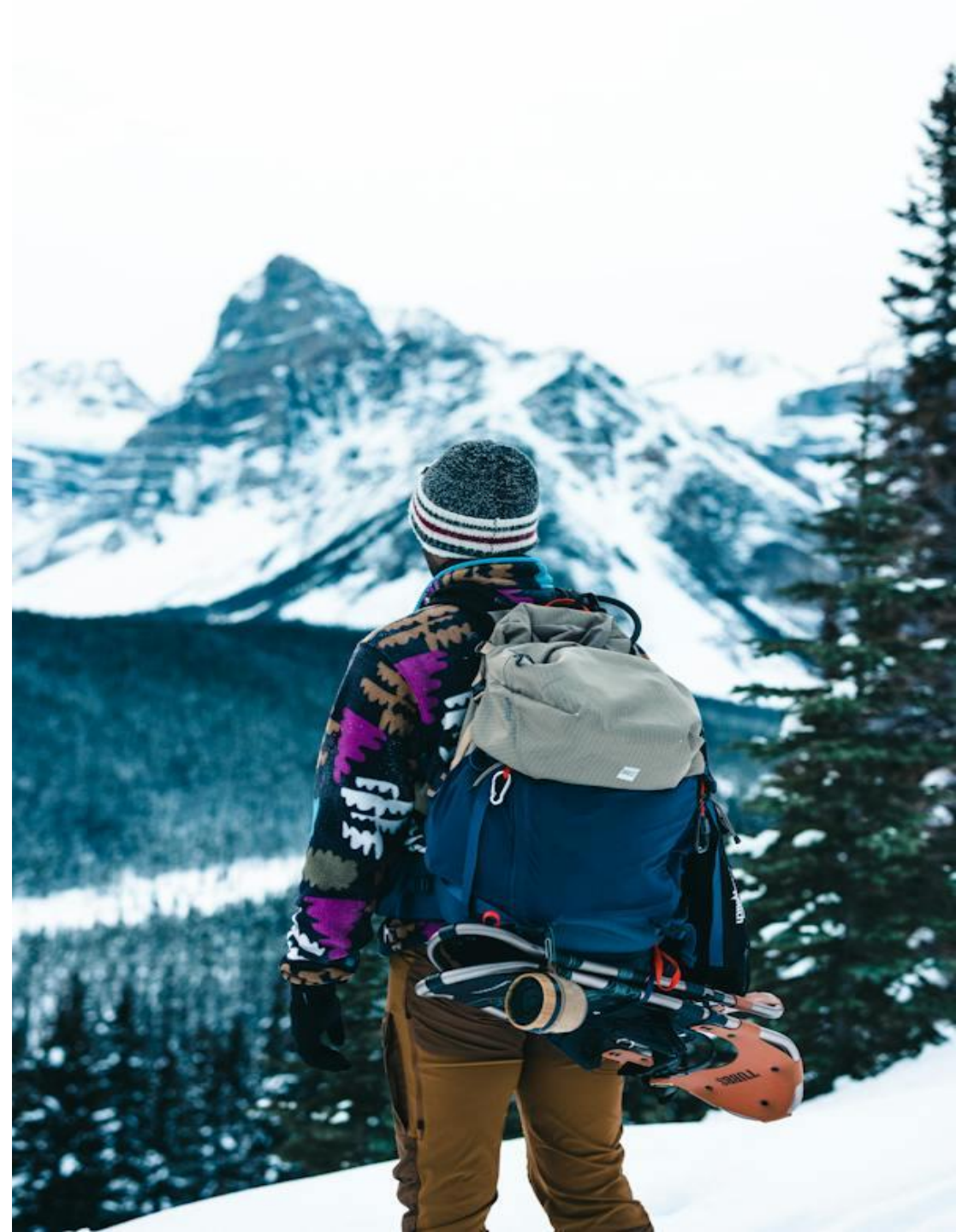


The Canadian Maru Household Outlook Index (MHOI)

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

February 2024



The February 2024 Canadian MHOI is at **86** (negative/pessimistic) as it was last month. There are **three primary influences** on the index this month:

- **More Canadians said they will be worried about their personal/family day-to-day finances (55% up from 52% last month).** This is the highest measure recorded for this condition since the MHOI tracking commenced in April 2021
- **More Canadians indicated they will struggle to make ends meet (41% up from 38% last month).** This is the highest measure recorded for this element since the MHOI tracking commenced in April 2021
- **More Canadians reported that their financial position had improved (12% up from 11% last month).** This was offset by more Canadians who felt they worse off financially than they did last month (26% up from 25% last month).

One element that helped mitigate a mostly pessimistic consumer mood was the nominal uptick among those who believe their local economy will likely improve over the next two months (**41% up** from 40% last month). This is the highest measure achieved since April 2023 (42%). Another garnering a positive vibe was the rise in propensity to buy a new house (**13% up** from 9% in November).

This month's index is like an elevator stalled and hanging by a thread over a deep, dark shaft. If not for some spillover positive momentum captured in late December on a handful of measures that feed into the overarching calculation, the index would be in free fall. This predicament has been caused by a surge of at least three elements that are the worst sentiments Canadians have expressed about their personal financial situation since the survey component racking began in July 2020 and the index commenced in early 2021.

Given that context, this month's underlying data reveals the highest levels yet recorded among those Canadians who are worried about their personal/family day-to-day finances (**55%**), the many others who say they are struggling to make ends meet (**41%**), and the one third (**34%**) who are relying on government programs to keep their head above water. While there are a few pockets of distress that surface in some other parts of the country (particularly in the west) and among those who have middle-income's, those Canadians most likely to straddle each of those sentiments are the youngest (aged 18-34), the lowest income earners (<\$50k), women, and those residing in either Atlantic Canada or Ontario.

There are a good many reasons why these Canadians may be feeling the screws have tightened on their lives. As an example, January naturally produces a smaller net take home pay when the Canada Pension Plan (CPP) and Employment Insurance (EI) deductions reset and are the highest for workers until their contribution thresholds are met later in the year. In 2024, that sting is even higher with a tax increase of \$113 for CPP and \$47 more for EI.



Other conditions for day-to-day living continue to squeeze pocketbooks. Among them, food prices remain high and will likely rise by 2.5% to 4.5% this year (compared to 5% to 7% in 2023). The average family of four is expected to spend \$16,297.20 on food in 2024, an increase of up to \$701.79 from last year (compared to an increase of \$1,065 in 2023).

Debt is also contributing to the financial anxiety. With pandemic savings gone, and whipsawed by spiked interest rates and inflation, Canadian consumer debt has risen to \$2.4 trillion, with an average debt load of approximately \$21,131. And while the Bank of Canada held its interest rate to 5.0% at the end of January (as it has been since July 2023), a recent Yahoo/Maru Public Opinion poll revealed that half (52%) of Canadians say the escalation in those interest rates over the past year is either causing some real anxiety because of money pressures (36%) or making them worried sick about where this could lead to financially for themselves and/or their family (16%).

These sentiments come as an estimated two million Canadians will be renewing their mortgages within the next 12 months with a possible corollary from this month's MHOI that many (17%) Canadians indicate they will likely be moving to a smaller residence because they need to save money (just one percentage point off the highest level recorded in the tracking).

With these conditions being faced on the ground floor it should come as no surprise that two thirds (66%) of Canadians believe the state of the economy is on the wrong track and slightly less and almost as many (61%) don't believe the national economy will be improving any time soon. All of this is contrasted with the more upbeat pronouncements by those who manage, measure, and prognosticate on the global and Canadian economy who are saying that brighter days are just around the corner.

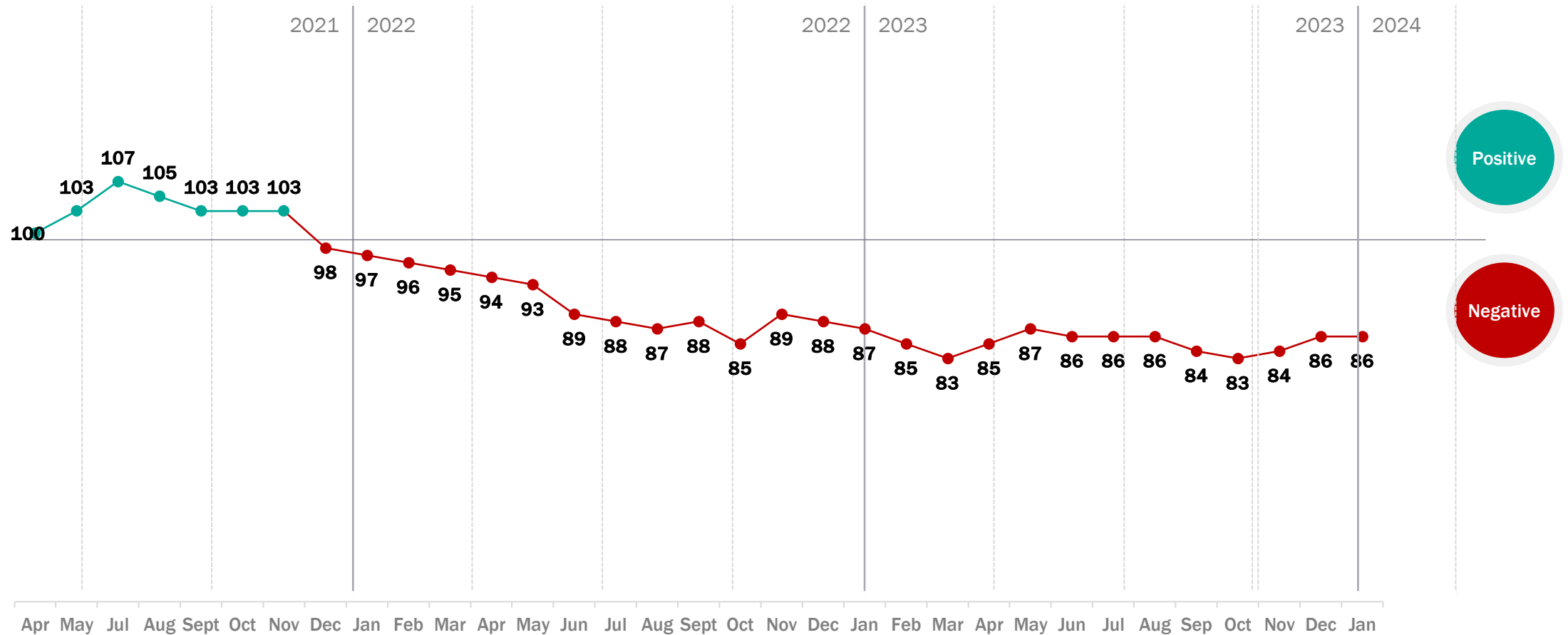
GDP growth in the last quarter of 2023 was more than expected and suggests a soft economic landing without a recession this year. In the International Monetary Fund's (IMF) latest forecast, Canada's economy is set to grow at the third-fastest pace among advanced peers. Five-year mortgage rates are already down and there's speculation that cuts in the Bank of Canada rate will certainly be by the end of the year, if not sooner. Average wages are up, the job market is holding, and while inflation is still pocketed in some areas and stubbornly keeping the 2.0% Bank of Canada target elusive, it's not far off (3.40%) and well down from its 39 years high of 8.1% peak back July 2022.

Unfortunately, reports for "soon to be better times ahead" can't pay the bills, nor can you serve up "just around the corner" for a discount on your groceries or as a rain check for a soon to arrive carbon tax on gas. For the time being, Canadians are just holding on and hoping the elevator doesn't take a plunge to the bottom, **so stay tuned.**



The Canadian Maru Household Outlook Index (MHOI)

86 (negative/pessimistic)



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

What's Driving the Index this Month?

The February 2024 Canadian MHOI is at **86 (negative/pessimistic)** as it was last month, There are three primary influences on the index this month:

- **More Canadians said they will be worried about their personal/family day-to-day finances (55% up** from 52% last month). This is the highest measure recorded for this condition since the MHOI tracking commenced in April 2021. These Canadians are most likely to be the youngest (aged 18-34 71% +8), those with the lowest income (<\$50K 65% +3), women (59% +4), and those living in Atlantic Canada (60% +6), Ontario (59% +6), and 58% (N/C).
- **More Canadians indicated they will struggle to make ends meet (41% up** from 38% last month). This is the highest measure recorded for this element since the MHOI tracking commenced in April 2021. These Canadians are most likely to be the youngest (aged 18-34 +7), those with the lowest income (<\$50K 55%N/C), women (45% +6), at those living in Atlantic Canada (51% +4), and Ontario (44% +5).
- **More Canadians reported that their financial position had improved (12%% up** from 11%% last month). This was offset by more Canadians who felt they worse off financially than they did last month (26% up from 25% last month). These Canadians are most likely to be the youngest (aged 18-34 26% +10), the highest income earners (\$100K+ 21% +4), men (14% N/C), and those living in Atlantic Canada (17% +13). Those claiming to be in a better financial position compared to last month (12%) are contrasted with those who feel they are worse off (26%) for a total Gap score of -14. This score is the same as last month's tally (11% better/25% worse - 14). The remaining group (62% -3) say they are in the same financial position now as they were last month.

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





By the numbers

Thinking of the state of the economy, would you say it is...?

- Moving in the right direction **33% N/C**
- On the wrong track **67% N/C**

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

- Improved since last month **12% +1**
- Remain the same over the last month **62% -2**
- Become worse since last month **26% +1**

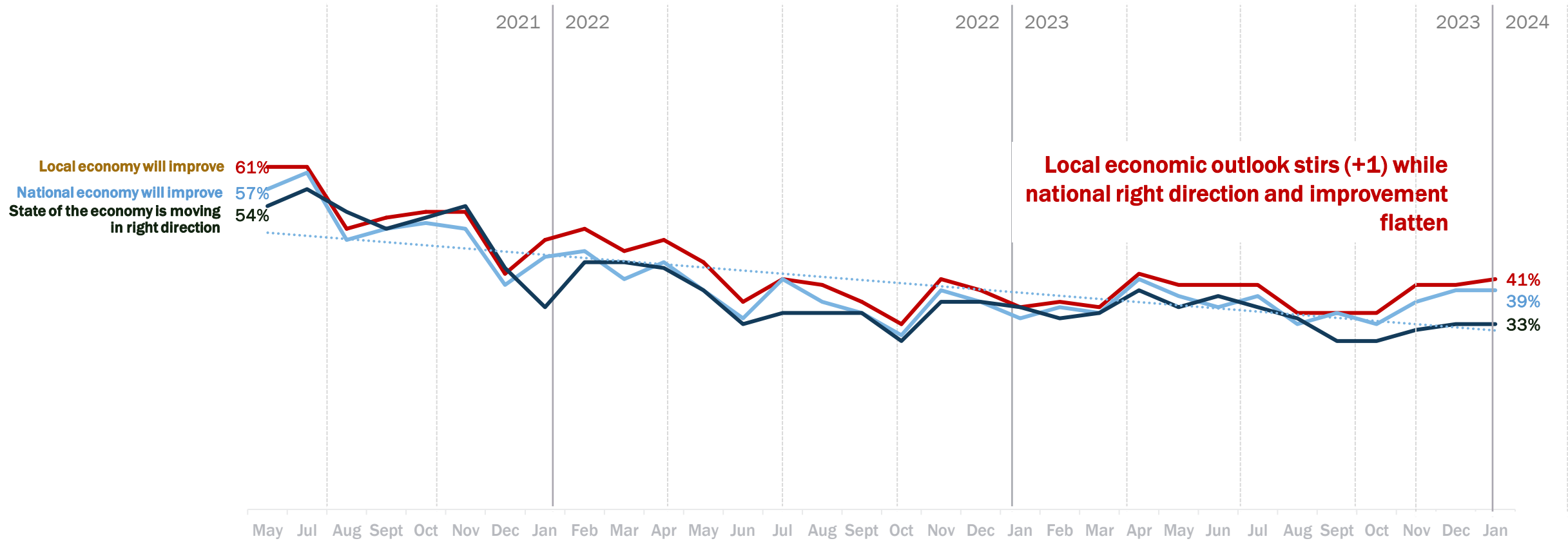
Over the next sixty (60) days is it **very/somewhat/not very/not at all** likely that...?

- The national economy will improve **39% N/C 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/G 36%**
- I will put away money for my retirement/old age security **50% -1 50%**
- I will have enough personal/family investments and savings for the future **58% -1 42%**
- I will be worried about my personal/family day-to-day finances **55% +3 45%**
- I will have the ability to purchase the products needed for me/our family **83% N/C 17%**
- I will invest in the financial markets because now is a good time to do so **34% -2 66%**
- I will purchase big ticket items like a car or furniture **18% N/C 82%**
- I will buy a house **13% +2 87%**
- I will struggle to make ends meet **41% +3 59%**
- I will default on making payments on major loans or a mortgage **16% +1 84%**
- I will lose or be laid off from my job because of lack of business/work **14% N/C 86%**
- I will likely declare bankruptcy **10% +1 90%**
- I will earn a livable wage **62% -1 48%**
- I will have enough food for myself/family **90% N/C 10%**
- I will be able to afford to keep a roof over my/my family's head **78% -1 22%**
- I will rely on government programs to make ends meet **34% +4 66%**
- I will move to a smaller residence because I need to save money **17% -1 83%**
- I will take a learning course to upgrade my skills/education **25% +1 75%**

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

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

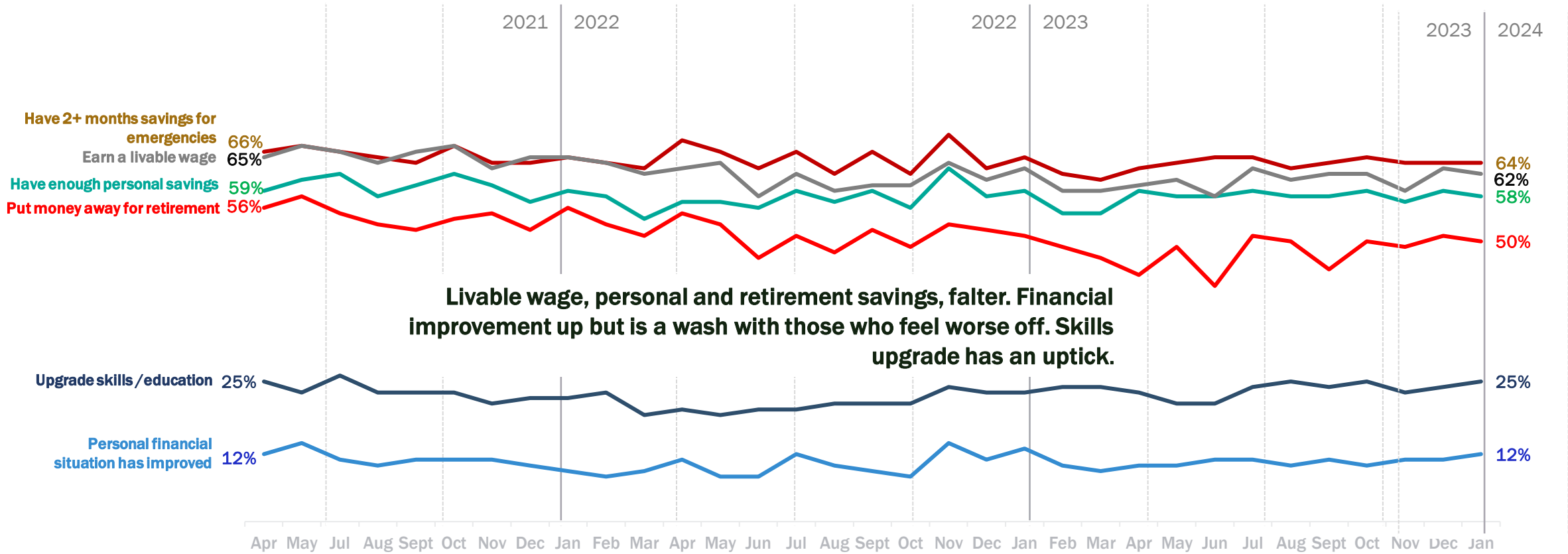
Over the next 60 days, likely to...



The Canadian Maru Household Outlook Index (MHOI): Personal Finances

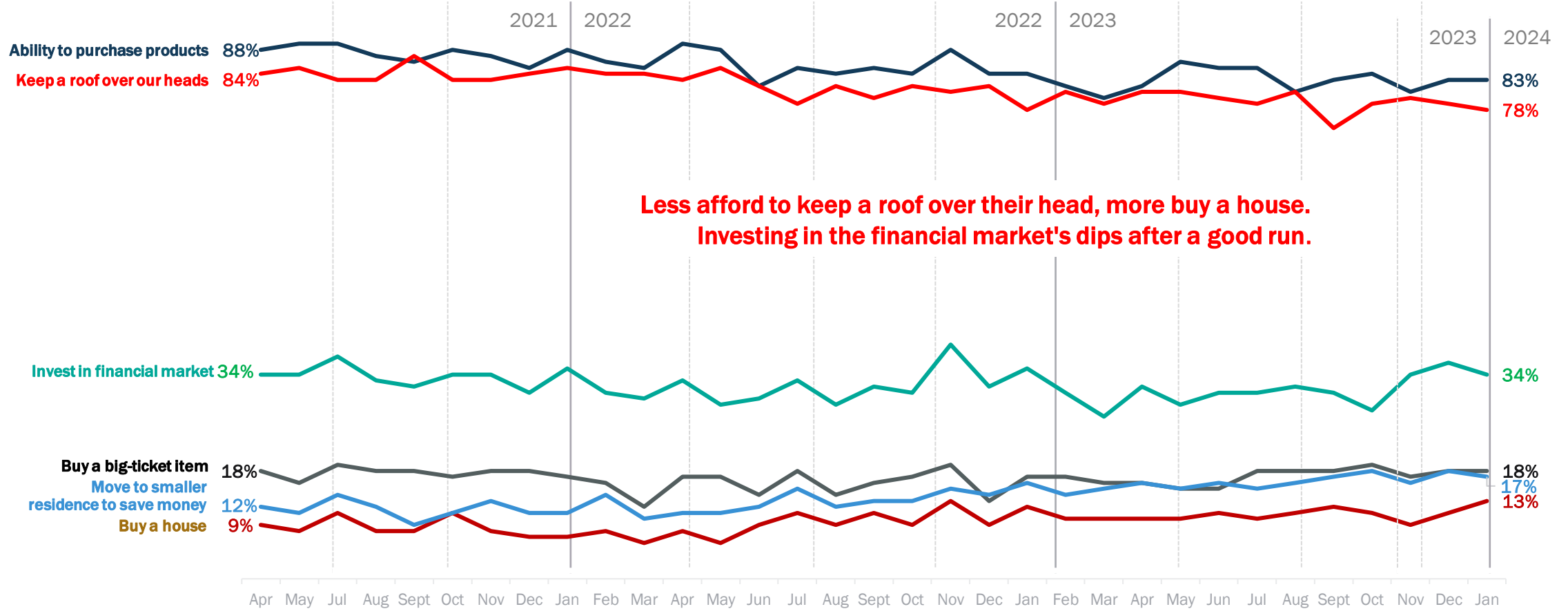
Over the next 60 days, likely to...

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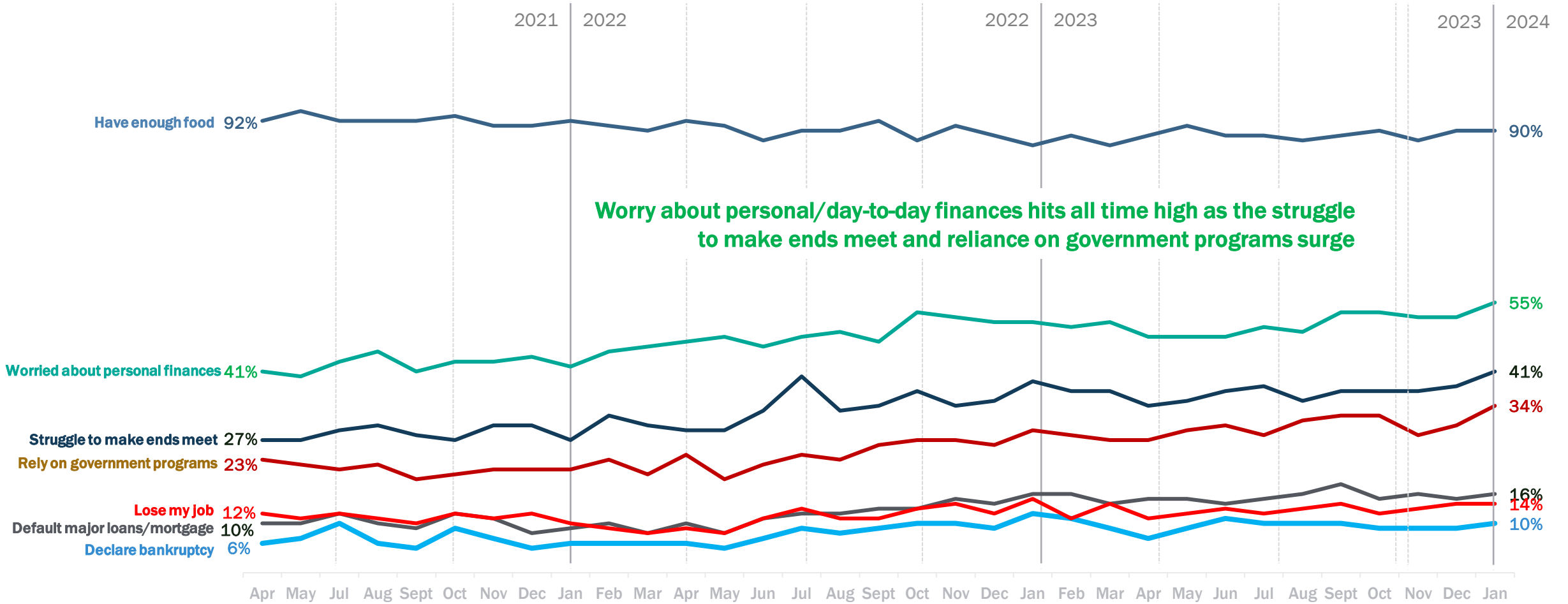
The Canadian Maru Household Outlook Index (MHOI): Purchasing Power

Over the next 60 days, likely to...



The Canadian Maru Household Outlook Index (MHOI): Challenges

Over the next 60 days, likely to...





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 January 26-29, 2024, among a random selection of 1,532 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.
- [Maru Public Opinion](#) follows the Canadian Research and Insights Council ([CRIC](#)) [standards and disclosure requirements](#)

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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[Maru Public Opinion](#) does not carry out any polling for any political party.

For more information contact:

John Wright

Executive Vice President

Maru Public Opinion

2 Bloor St E Suite 1600, Toronto, ON M4W 1A8

D: 1-416-700-4218

john.wright@marublue.com



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