

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

March 2024



The March 2024 Canadian MHOI is at **87 (negative/pessimistic)** up one point from last month and at the highest level since May 2023. Here are the four primary influences on the Index this month:

- **More Canadians (36% up from 33% last month) say that the Canadian economy is moving in the right direction as opposed to being on the wrong track (64% down from 67% last month).** This is the highest right direction finding since July 2023, and has risen six percentage points (from 30%) in October 2023 to where it stands today (36%) – but it has a long way to get back to its last highest measure (57%) in July 2021. Nonetheless, this has been a relatively slow, and steadily paced and uninterrupted, upward curve in positivity regarding the direction of the Canadian economy over the last four months.
- **Less Canadians feel they are in a worse financial position compared to last month (23% down from 26%). While this has not translated into any rise among those who feel that their pocketbooks have improved (12%), there are two things of note: first,** as is the case with the previous mentioned metric, there has been a slow but steady paced drop among those Canadians who feel worse off by seven percentage points (down from 30% to 23% today); and **second,** this has corresponded with a similar rise among those who believe their financial position is the same as it was the month previously (up seven percentage points from 59% in September 2023 to 65% today). What this means is that while less Canadians are feeling worse off in their wallets than they have previously, there is no corresponding net uplift in terms of them feeling any better over the same timeframe (up one percentage point from 11% in September 2023 to 12% today).
- **More Canadians (19% from 18% last month) indicate that they will purchase big ticket items like a car or furniture (with those most likely to do so moving from 5% last month to 6% today).** This metric has moved up two percentage points since last November (from 17% to 19%) and ties with the previous highest levels achieved since tracking began in July 2020 (in October 2020, July 2021, November 2022, and October 2023).
- **While the majority of Canadians (55%) continue to have the highest level of worry about their personal/family day-to-day finances (the same as it was last month) since tracking began in July 2020, those who express the most acute worry have dropped (down from 23% to 20%).** This underlying drop simply returns to where it was in December 2023. What's held the overall level of worry in its place is a contrast between various groups feeling more worried than they were last month compared to those who feel less.

Commentary

Last month's metaphor that consumer confidence was hanging by a thread is still apt, but its reprieve has been primarily because Canadians have an underlying belief (or hope) that the national economy will improve. This sentiment is now on an upward trend of six percentage points since last October (from 30% to 36% today) and is the only major metric offsetting a personal worry over day-to-day finances that remains, carried over from last month, at its highest level (55%) since tracking of this measure began back in July 2020.

This month we also find that while less Canadians feel their personal financial situation has worsened since last month, those who have changed their view have slid into a pocketbook purgatory where the majority (65%) say things have remained the same and the remainder (12%) who have any sense of improvement in their fortunes continues to flatline. Further, the propensity to default on making payments on major loans or a mortgage (18%) is tied for the highest level from not long ago (September 2023) since tracking began in July 2020, is joined by those who have the same feeling towards potential bankruptcy (11%), the highest level since June of last year.



These results find an echo in the March 5, 2024, Equifax Canada report that delinquency rates for non-mortgage balances that are 90+ days overdue went up from 1.0% in Q4 2022 to 1.3% in Q4 2023, representing a 28.9% increase. Mortgage delinquency rates over the last 12 months witnessed a 52.3% increase, from 0.09% to 0.14%, driven particularly by both Ontario (up 135.2%) and British Columbia (up 62.2%). Topping it off, there was less money left over to pay the credit card bills (total consumer debt hit \$2.45 trillion in Q4 2023 up 3.2% from the previous year), while Canadian business insolvencies in January rose by 129.3% year-over-year.

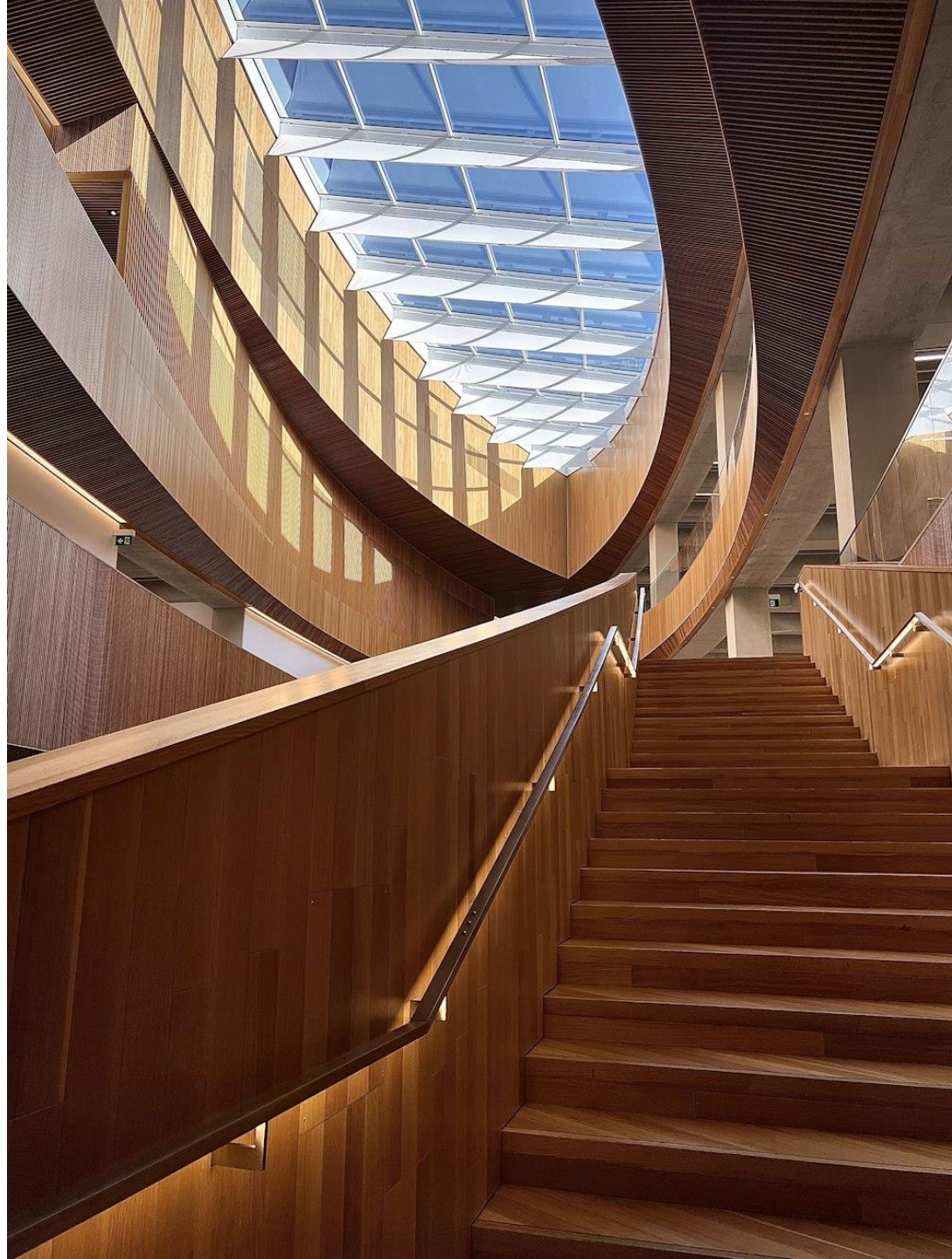
On the same day, and less than twenty-four hours ahead of the **Bank of Canada (BOC) decision on interest rates**, some financial institutions (especially Desjardins), the money markets, and even the **Parliamentary Budget Officer (PBO)**, were bravely predicting a spring cut with a possible year-end rate of 3.5%, Ontario Premier Doug Ford also used the occasion to call on the BOC to make a cut. This talk may have buoyed the spirits of some, but it was certainly short lived as **Governor Tiff Macklem** said the BOC would continue to hold on the 5.0% rate it had imposed last July until core inflation cools further and shows evidence of longer-term stability—whenever that may be. While inflation was at 2.9% in January and well below the June 2022 peak of 8.1%, it was not close to the BOC 2.0% target.

Not to be upstaged, following the BOC meeting, Deputy Prime Minister and Finance Minister Chrystia Freeland met with business leaders for a “consultation meeting” **in advance of her April 16, 2024, Federal budget** (preceded by five provincial budgets – Quebec, Newfoundland and Labrador, Saskatchewan, Ontario, and Manitoba). **The readout from the meeting touted all the sunny ways that were counterpoints to both the BOC and PBO observations** about a sluggish economy with excess supply and the tough road ahead to get to the intended destination. Some of those **touchpoints** included a much-predicted recession had been avoided, real GDP rose by 1.1%, the Canadian economy to see the strongest growth in the G7 in 2025, more than 1.1 million jobs have been created since the pandemic, and the unemployment rate of 5.7% is near its historical low.

And while the media release from the meeting also noted that wage growth has outpaced inflation for the past twelve months, record funding for home and apartment construction and targeted relief for mortgage holders, grocery price stabilization (with grocery rebate payments on the way), and a new national universal pharmacare program, it **didn't have anything to say about the estimated deficit of \$46.8-billion in 2023-24, up from \$35.3-billion in 2022-23** to fund much of this and its impact on inflation itself. Nor did it address the impact of Ottawa's immigration policy on rental prices and mortgage interest costs (rising by a record 28.5% in 2023), higher carbon taxes, and other **government induced measures that are fueling the very inflation that the BOC is trying to bring down**. At the same time, the BOC didn't address the highest interest rates Canadians are experiencing in twenty-two years that are just pouring more fuel on the cost-of-living fire.

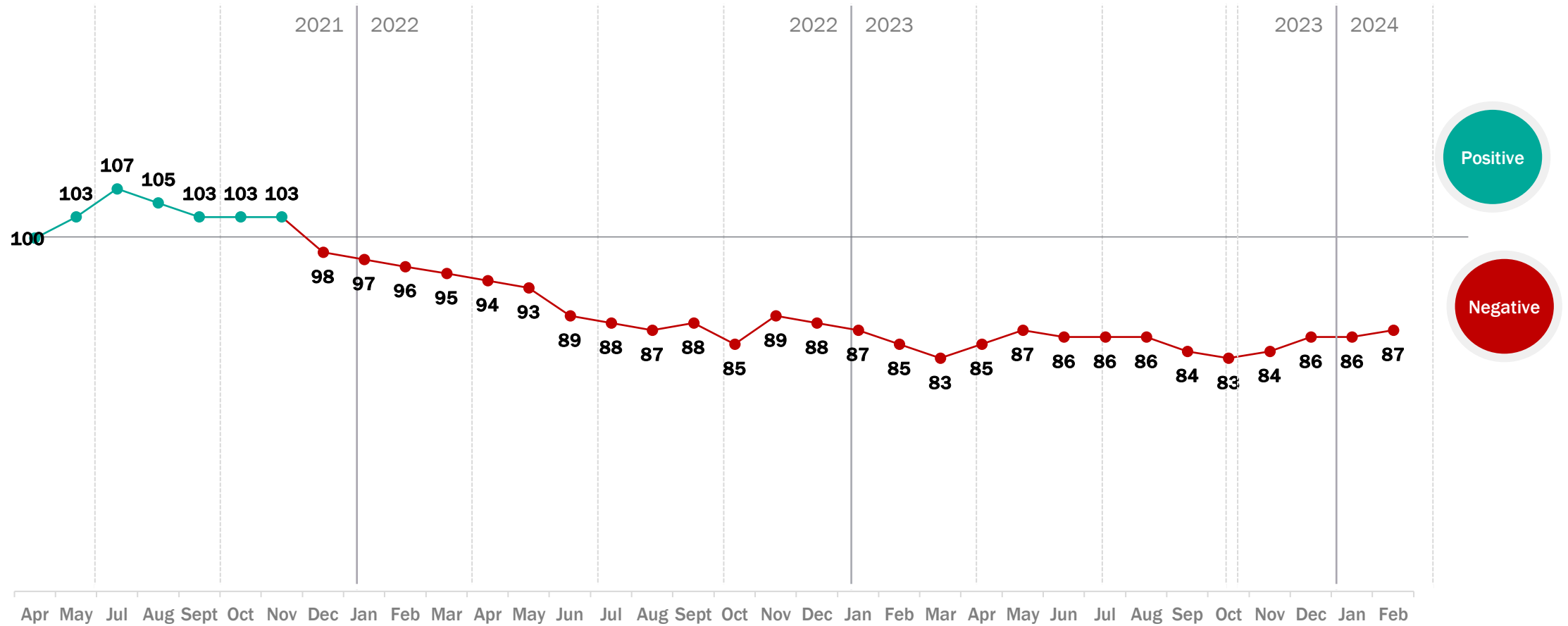
This leaves us with **two questions** for this month: **first**, is this more about **inflation caused more by government policies** than the marketplace and consumers so it keeps inflation above the BOC's target with prolonged higher rates like a dog chasing its tail? **Second**, if the BOC says it takes an average of twelve to fifteen months for monetary policy to ripple through the economy for its desired “long and variable lag” effect, **shouldn't a rate cut be in the cards for June and July so it can have its own ripple effect well into 2025?**

For the record number of Canadians who are worrying about their personal/family day-to-day finances, **this all must seem little more than a policy wonk discussion and beyond ironic** that the same higher-ups who helped cause their current reality are now trying to fix it on their behalf. As always, **stay tuned**.



The Canadian Maru Household Outlook Index (MHOI)

87 (negative/pessimistic)



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

Who's Driving the Index this Month?

The March 2024 Canadian MHOI is at **87 (negative/pessimistic)** up one point from last month and at the highest level since May 2023. There are four primary influences on the index this month:

- **More Canadians (36% up from 33% last month) say that the Canadian economy is moving in the right direction as opposed to being on the wrong track (64% down from 67% last month).** Those lifting this metric the most over the past month are lowest earnings (<\$50K 35% +7 versus those who have higher income of \$100K+ 45% +3/\$50K-\$99K 35% +2), men (41% +4 versus women 32% +2), and those who are middle-aged and older (35-54 32% +4/55+37% +3 versus those who are younger aged 18-34 40% +1). The provinces/regions contributing most to this uplift are from those living in Alberta (33% +11), followed by those residing in British Columbia (47% +8) and Manitoba/Saskatchewan (30% +5).
- **Less Canadians feel they are in a worse financial position compared to last month (23% down from 26%). While this has not translated into any rise among those who feel that their pocketbooks have improved (12%),** Those Canadians having the most positive impact on this measure since last month are those with the least amount of income (<\$50K 11% +3), those who are the oldest (aged 55+ 9% +2), and those living in British Columbia (15% +3), Manitoba/Saskatchewan (9% +2), and Ontario (14% +1). By contrast, this is offset by those Canadians feeling worse off in their wallets than they did last month are led by those who have the highest income (\$100K+ 16% -5), those are the youngest (aged 18-34 22% -4), and those residing in Québec (9% -4), Atlantic Canada (14% -3), and Alberta (7% -2).
- **More Canadians (19% from 18% last month) indicate that they will purchase big ticket items like a car or furniture (with those most likely to do so moving from 5% last month to 6% today).** Those contributing to the uplift in potential purchasing are primarily those with the least amount of income (<\$50K 18% +5), those who are the oldest (aged 55+ 13% +3), men (24% +3), and those living in Ontario (22% +4) and Alberta (14% +3).
- **While most Canadians (55%) continue to have the highest level of worry about their personal/family day-to-day finances (the same as it was last month) since tracking began in July 2020, those who appear to be experiencing the most acute degree of worry have dropped (down from 23% to 20%).** Those who feel more worried than last month are those with the least amount of income (<\$50K 68% +3), those who are middle-aged or older (35-54 60% +3/55+ 44% +2), and men (52% +2), with the highest rises found in Manitoba/Saskatchewan (59% +9), Alberta (64% +6), and British Columbia (52% +4). Those feeling less worried are the highest income earners (\$100K+ 44% -7), the youngest Canadians (aged 18-34 66% -5), and those residing in Québec (45% -4).

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 **36% +3**
- On the wrong track **64% -3**

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

- Improved since last month **12% N/C**
- Remain the same over the last month **65% +3**
- Become worse since last month **23% -3**

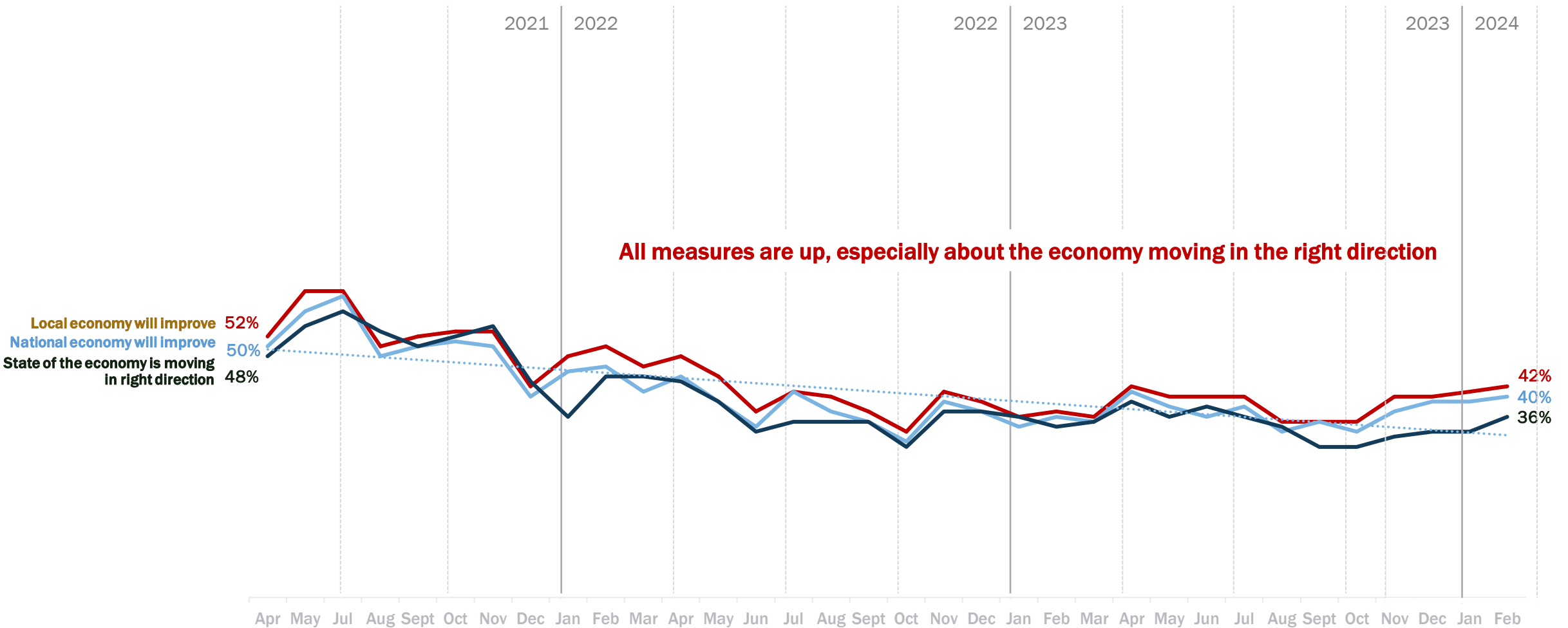
Over the next sixty (60) days is it **very/somewhat/not very/not at all** likely that...?

- The national economy will improve **40% +1 60%**
- The local economy where I live will improve **42% +1 58%**
- 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 **50% N/C 50%**
- I will have enough personal/family investments and savings for the future **57% -1 43%**
- I will be worried about my personal/family day-to-day finances **55% N/C 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% N/C 66%**
- I will purchase big ticket items like a car or furniture **19% +1 81%**
- I will buy a house **12% -1 88%**
- I will struggle to make ends meet **39% -2 61%**
- I will default on making payments on major loans or a mortgage **18% +2 82%**
- 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 **11% +1 89%**
- I will earn a livable wage **62% N/C 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 **77% -1 23%**
- I will rely on government programs to make ends meet **32% -2 68%**
- I will move to a smaller residence because I need to save money **17% N/C 83%**
- I will take a learning course to upgrade my skills/education **24% -1 76%**

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

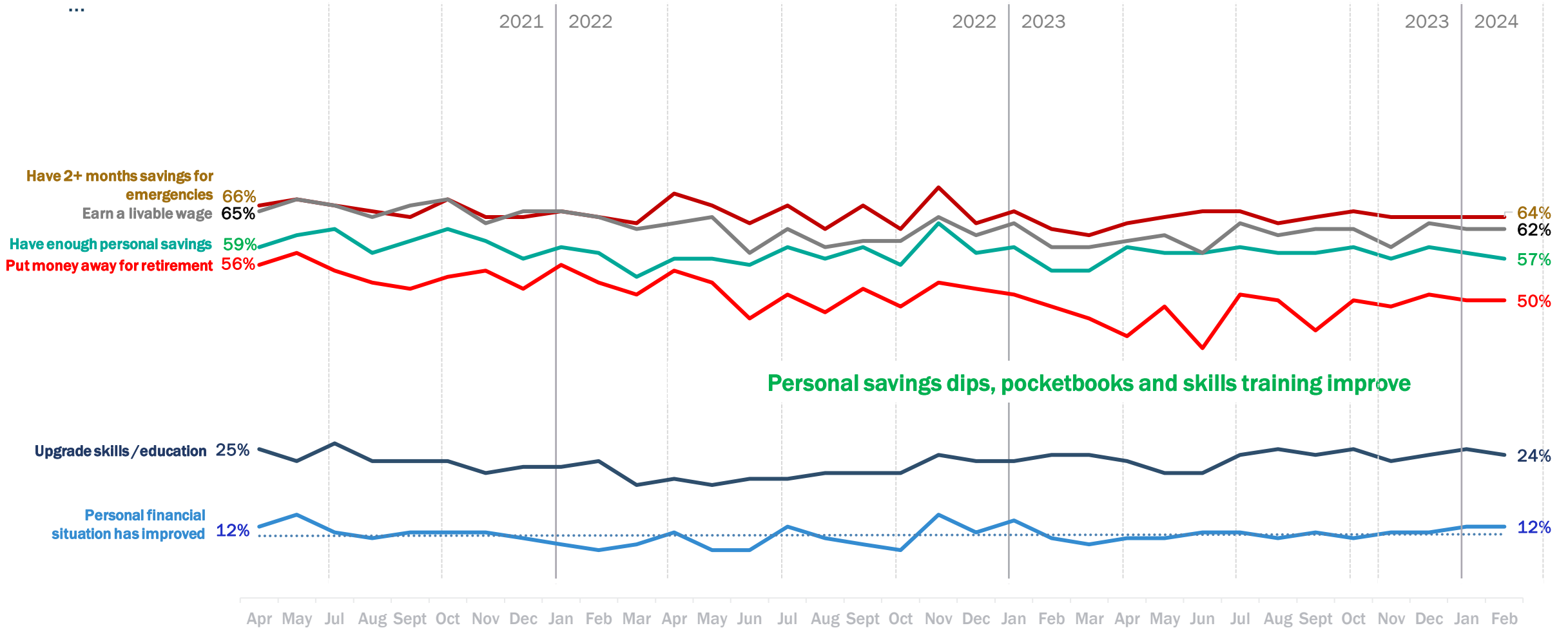
The Canadian Maru Household Outlook Index (MHOI): Economic Outlook

Over the next 60 days, likely to...



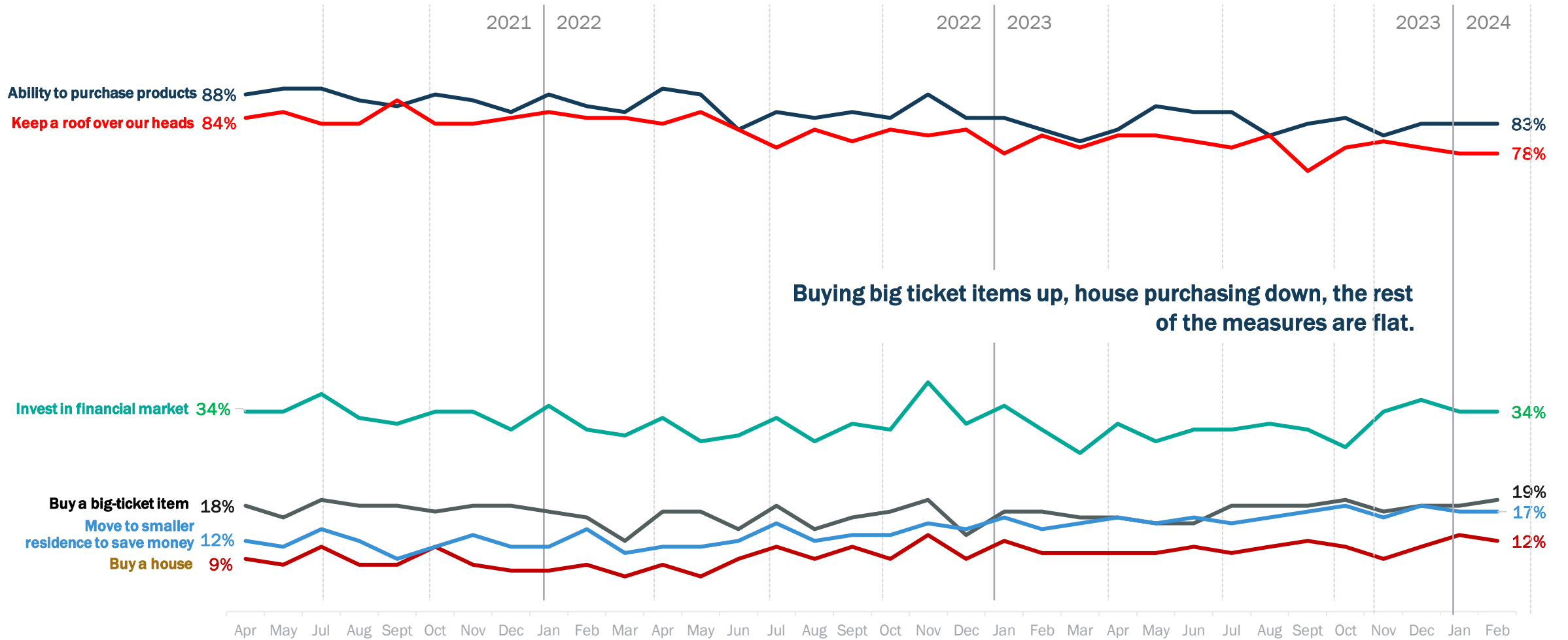
The Canadian Maru Household Outlook Index (MHOI): Personal Finances

Over the next 60 days, likely to...



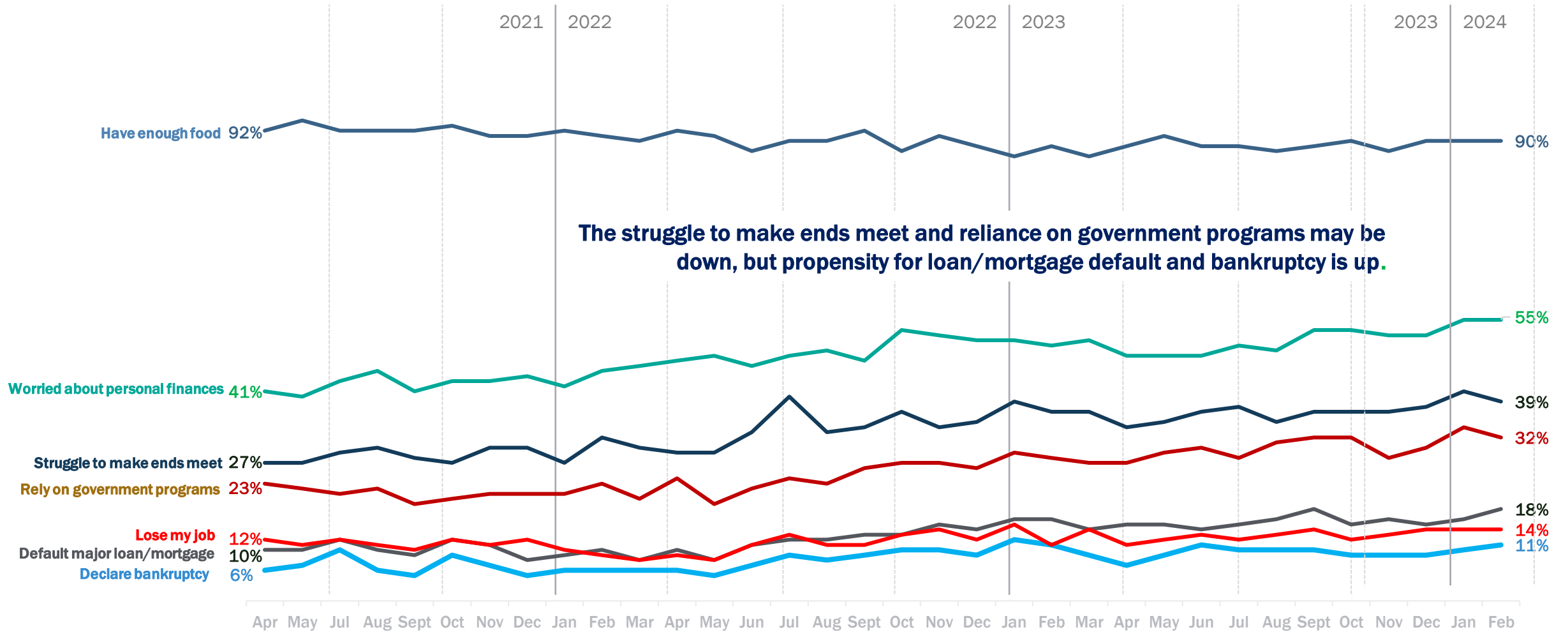
The Canadian Maru Household Outlook Index (MHOI): Purchasing Power

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 March 1-4, 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.

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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