Hold on hiking rates

TORONTO, January 24, 2024—As the Bank of Canada readies to announce its latest interest rate decision and monetary outlook, a new Yahoo Canada/Maru Public Opinion poll finds a vast majority (85%) of Canadians don't want to see a further rate hike anytime soon.

Most Canadians want the Bank to either continue holding fast to the 5.0% interest rate it set back July of 2023 for at least a couple of more months so its impact can be fully assessed, or reverse course and lower rates (35%). A much smaller group (15%) of Canadians say the Bank should keep raising rates until they bring inflation down to meet its preferred inflation rate of 2.0%

With the December 2023 Consumer Price Index (CPI) clocking in at 3.4% on a year-over-year basis (up from a 3.1% increase in November), Canadians now speculate the Bank will likely have to raise interest rates to 5.20% to reach its 2.0% inflation lowering goal.

The survey used a series of identical questions from one undertaken exactly a year ago to enable year over year comparisons. The overarching findings conclude that while more Canadians may be handling the impact of interest rates on their lives better than was the case a year ago, more mortgaged homeowners say they may be forced to sell if rates rise.

Overall, more Canadians appear to be better at handling interest rates compared to last year at this time (75% now compared to 67% then)—likely due to the pause since last July that has allowed most to adjust to the new higher rate realities. This finding is mainly driven by those who say interest rates have not really had an impact at all on themselves (up a significant fourteen percentage points from 29% then to 43% now) and combined with those who reveal they're experiencing manageable anxiety (down from 38% to 32% now).

Year over year, there are less Canadians who say they are *not* coping well with higher interest rates (down from 33% to 25%). Those affected indicate that interest rates are either exerting a very serious pressure on them and they are just doing everything to get by (down from 22% to 17% now) or they have experienced drastic financial adjustments and lifestyle changes (down from 11% to 8% now) as a result.

However, should the Bank decide to raise its interest rate to 5.25%, less mortgaged homeowners (62% down from 65% last year when there was a contemplated rate increase from 4.25% to 4.50%) say they could ride it out for as long as it takes. This group includes almost equal majorities of those who either have a fixed mortgage (63%) and those with a variable mortgage/line of credit (62%) financing arrangement.

Further, more mortgaged homeowners (38% up from 35% last year) say they'd have to sell or vacate their home within an average of 9.4 months and find another living arrangement—which is the same timeframe articulated last year. This group is comprised of mortgage holders with fixed mortgages (10.8 months up from 10.4 last year) or variable/line of credit (7.95 months down from 8.3 last year) financing.

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Supplemental findings

What Canadians think the Bank of Canada should do on interest rates

- Keep raising rates until they bring inflation down to meet their 2.0% target 15%
- Pause for at least a couple of more months so the impact can be fully assessed before raising it again 50%
- Reverse course and lower interest rates because its causing way more harm than good 35%

What mortgaged homeowners think the Bank of Canada should do

- Keep raising rates until they bring inflation down to meet their 2.0% target 11%: 11% of those with a fixed mortgage and 12% of those with variable mortgage/line of credit.
- Pause for at least a couple of more months so the impact can be fully assessed before raising it again 43%: 43% of those with a fixed mortgage and 42% of those with variable mortgage/line of credit.
- Reverse course and lower interest rates because its causing way more harm than good 46%: 46% of those with a fixed mortgage and 47% of those with a variable mortgage/line of credit.

Homeowners with financing react to dealing with interest rates

For mortgaged homeowners (fixed or variable/line of credit), the following is how they are handling interest rates *compared to last year at this time*:

- Has not really had an impact at all: for those with fixed mortgage 25% up from 20% and for those with variable mortgage/line of credit 26% up from 18%.
- Caused anxiety but it's manageable: for those with fixed mortgage 40% down from 44% and for those with variable mortgage/line of credit 39% up from 38%.
- Caused very serious pressures and just doing everything to get by: for those with fixed mortgage 26% up from 25% and for those with variable mortgage/line of credit 26% and no change.
- Caused drastic financial adjustments and lifestyle changes: for those with fixed mortgage 9% down from 12% and for those with variable mortgage/line of credit 10% down from 14%.

Methodology

These are the findings from a Maru Public Opinion online panel survey undertaken by its sample and data collection experts at Maru/Blue from January 19-22, 2024, among a random selection of of 3,026 adult Canadians from which were derived 1,858 homeowners who are Maru Voice Canada panelists.

The results were weighted by education, age, gender, and region (and in Quebec, language) to match the population, according to Census data. For comparison purposes, a probability sample of this size has an estimated margin of error (which measures sampling variability of +/- 1.8% for the general public and 2.3% for homeowners, 19 times out of 20. Respondents could respond in either English or French.

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. Excerpts from this release of findings should be properly attributed, with interpretation subject to clarification or correction.

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