



REPORT

Economic Confidence

CANADA

July 2024



Background

- Perceptions of the economic state in Canada is an important driver of how consumers will spend (or not spend) in the coming months.
- Leger, the largest Canadian-owned polling and marketing research firm, monitors views on the economy and Canadians' own finances to keep a pulse on the mood and sentiment of the public.
- *This report represents the results from the Canada-wide study July 2024.*



Additional methodology details and detailed regional results can be found in the appendix.

Methodology

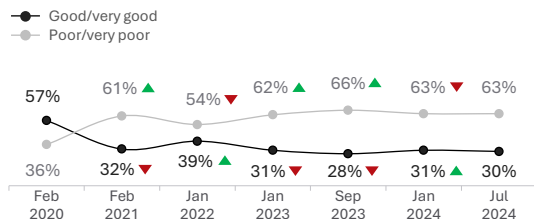
- Results are based on online research conducted with a representative sample of Canadian adults 18 years of age and older from LEO's (Leger Opinion) panel.
- Sample sizes and field dates :
 - 2,620 Canadians July 12-15, 2024.
 - 2,043 Canadians Jan 5-7, 2024.
 - 2,142 Canadians Sept 22-25, 2023.
 - 2,385 Canadians Jan 6-10, 2023.
 - 2,399 Canadians Jan 7-12, 2022.
 - 1,614 Canadians Feb 3-8, 2021.
 - 2,157 Canadians, Feb 10-18, 2020.
 - 1,004 Canadians, Jan 19 to 22, 2019.
 - 1,339 Canadians, Mar 20-23, 2017.
- The data was statistically weighted according to 2021 Canadian Census figures.
- A margin of error cannot be associated with a non-probability sample in a panel survey, but for comparison purposes, a probability sample of 2,620 would have a margin of error of $\pm 1.9\%$, 19 times out of 20.



NATIONAL ECONOMY

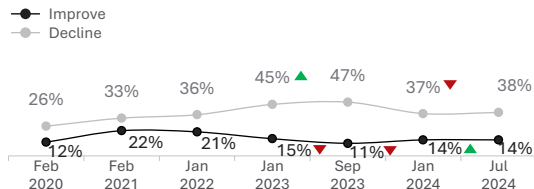
Current Confidence

Confidence in the Canadian economy is firmly in a holding pattern.



Future Confidence

Future expectations are consistent with earlier in 2024 and still more negative than positive.



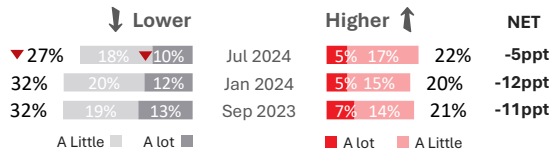
Current and future economic confidence both for the country and households is largely stagnant this wave.

While lower inflation and a recent interest rate cut means concerns in these two areas have continued to abate, housing affordability remains a huge issue. Many Canadians are spending more on housing, which reduces their disposable income and is impacting their economic outlook.

Despite this, there is some encouraging signs in fewer making cuts to their discretionary spending; it just may take more time before Canadians are willing to ramp up their spending again.

Expected Discretionary Spending

Predictions about future discretionary suggest fewer will be pulling back on spending in the future, a sign of some increasing optimism.



Mortgage/Rent Increases

Many Canadians are experiencing higher housing costs and are paying for those increases both by spending less (especially on everyday items, dining out and entertainment) and saving less/ dipping into existing savings.

EXPERIENCE INCREASE



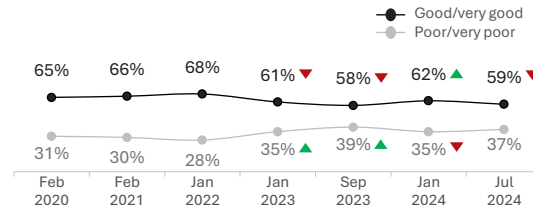
PAID FOR INCREASE



HOUSEHOLD FINANCES

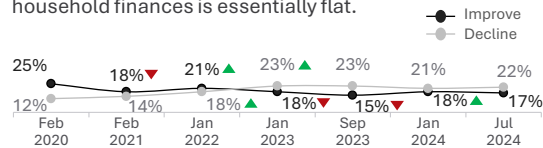
Current Confidence

The small uptick in confidence in current household finances seen in Jan has not been sustained.



Future Confidence

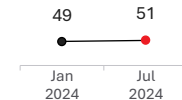
Still in negative territory, future confidence in household finances is essentially flat.



Worries

Less concern about the value of investments and safety of savings are offset by lingering worries in other areas, which means the worry index more or less has held steady.

WORRY INDEX

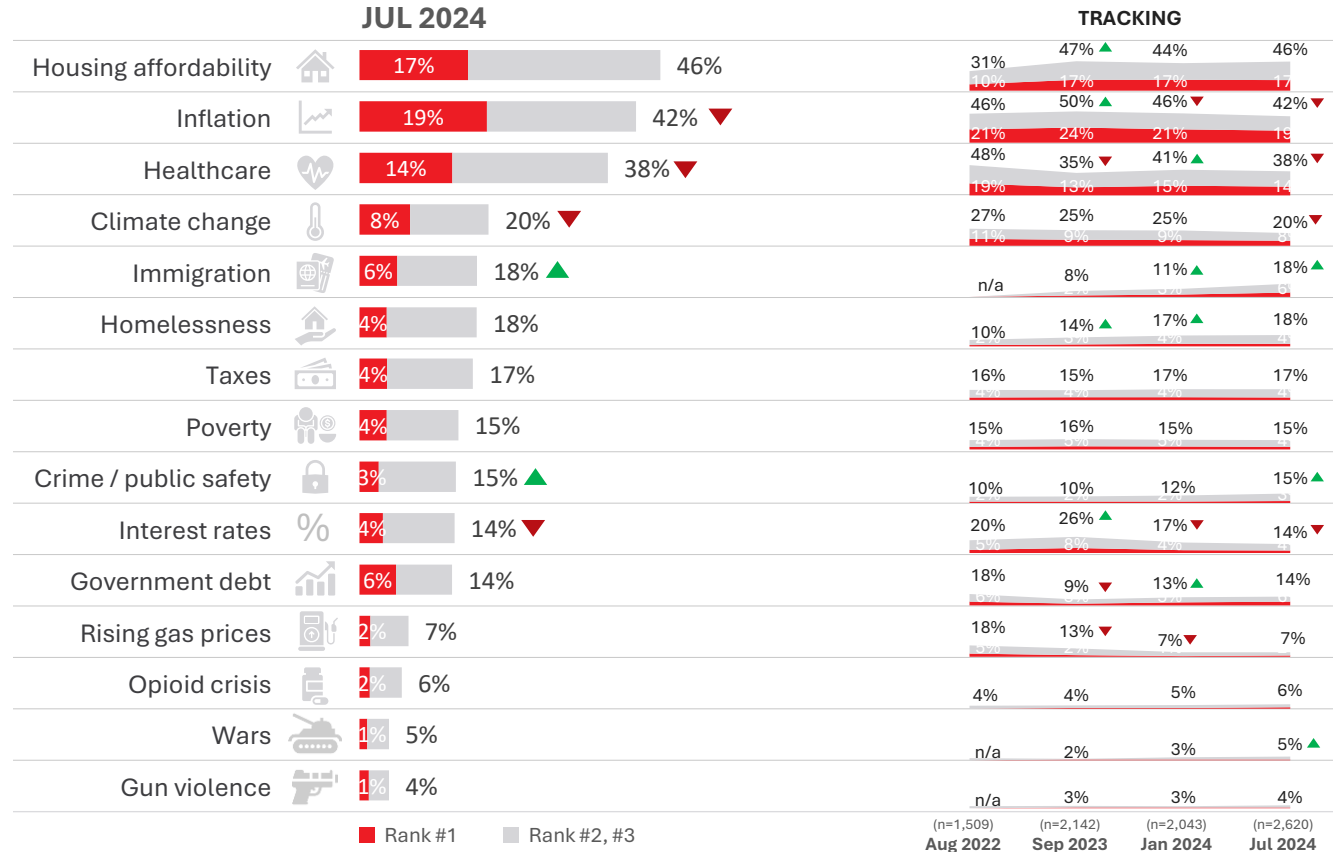


IMPORTANT CANADIAN ISSUES: AIDED

While many financial concerns continue to lessen mid-2024 (inflation and interest rates), housing affordability is still a hot button. This is now at the forefront of financial woes and is clearly taking its toll on Canadian's spending and economic outlook.

Climate change is a little less influential this summer as an issue of importance.

In contrast, immigration, homelessness and crime/ public safety – while not top of the heap – continue to creep up over time and are emerging as issues of importance worth keeping an eye on.



Note: Responses 4% and greater for JUL 2024 are shown.

What is the number one important issue facing Canada today?
What is the second most important issue? The third most important?

▲▼ Statistically significantly higher/lower than previous wave

CURRENT ECONOMIC PERCEPTIONS

Views of the Canadian economy are essentially unchanged from the start of the year.

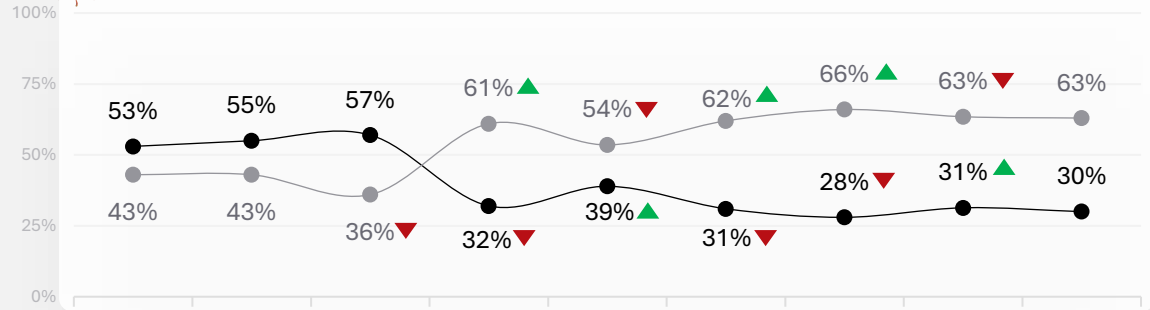
In contrast, the small improvements witnessed in views of household finances in January has been lost this time around.

Overall, the picture is one of little change in current economics confidence over the last year and half.

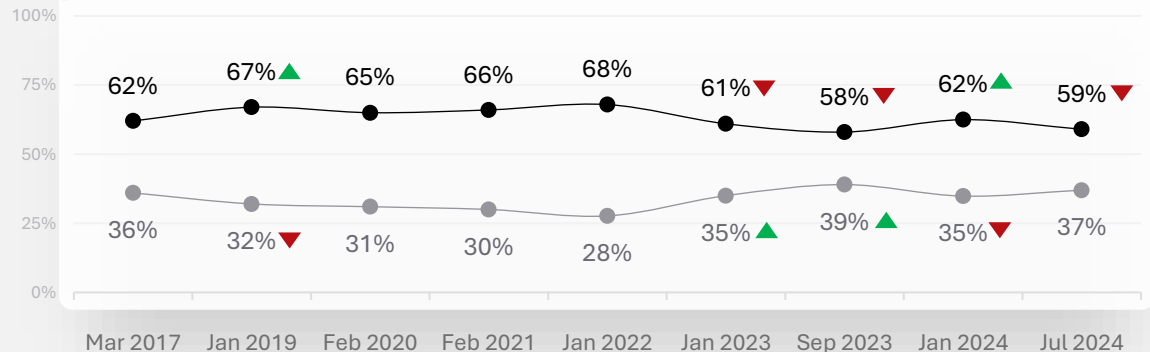
- Good/very good
- Poor/very poor



Canada Economy



Household Finances



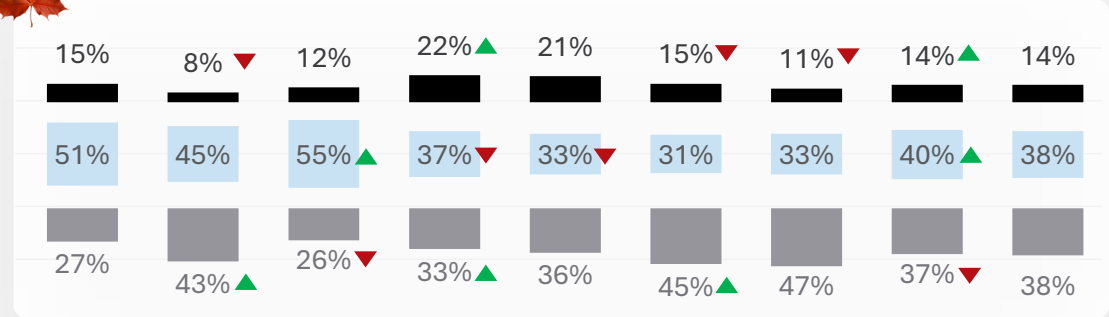
FUTURE ECONOMIC CONFIDENCE

Looking forward, expectations of the national economy and household finances are also little changed from the start of the year, confirming that even if concerns have hit a low point, greater expectation of short-term improvements are not yet visible.

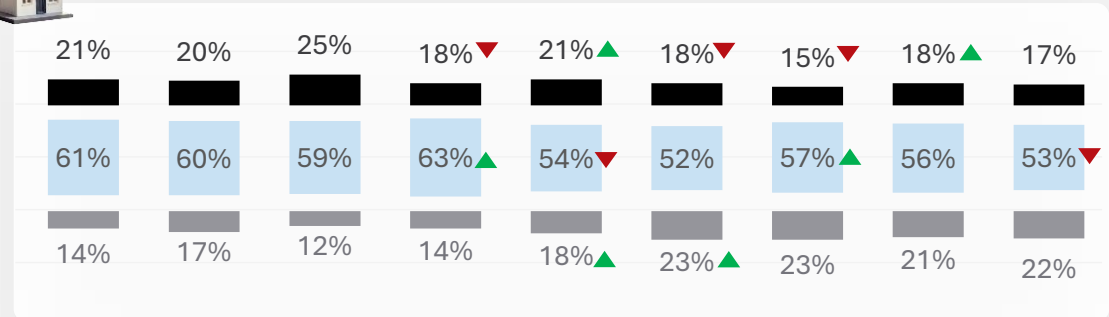
- Improve
- Stay the same
- Decline



Canada Economy



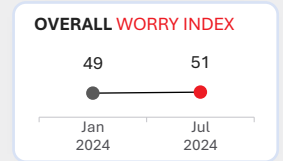
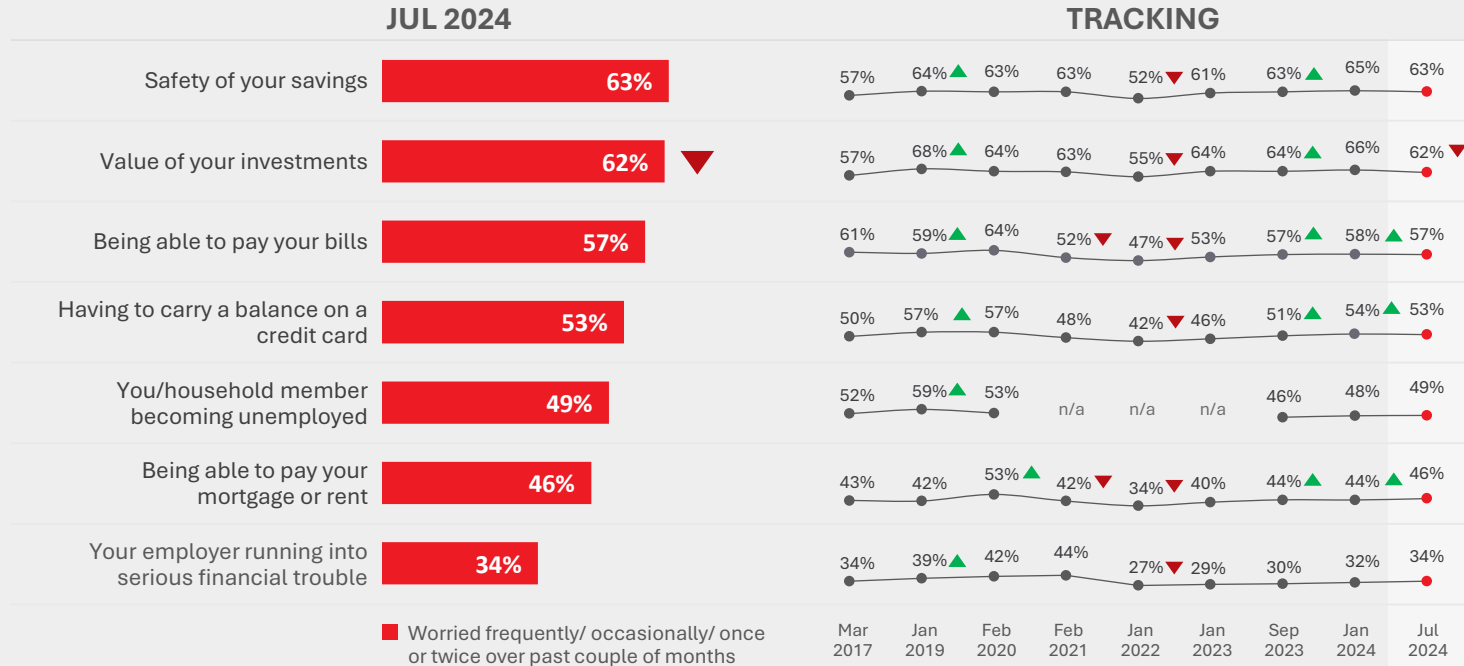
Household Finances



Mar 2017 Jan 2019 Feb 2020 Feb 2021 Jan 2022 Jan 2023 Sep 2023 Jan 2024 Jul 2024

WORRIES

Likely in reaction to stronger financial markets and the first interest rate cut earlier this year, worries related to savings and investments appear to be abating. Still, other concerns remain as high or even higher, which means that taken as a whole, our “worry index” is little changed from six months ago.



➔ **Note**
Weighted score of worries, with weights determined by key driver analysis against current perceptions of household finances.

DISCRETIONARY SPENDING EXPECTATIONS

Desire to spend indicates a little more forward-looking optimism, with discretionary spending expectations slightly warmer in July. While not many are going to increase their spending, fewer are pulling back, which speaks to greater stability (if not a lot of growth) going forward.

This trend is seen regionally in BC, AB and Quebec whereas SK/MB and ON are being more cautious, with little change in expectations versus January.

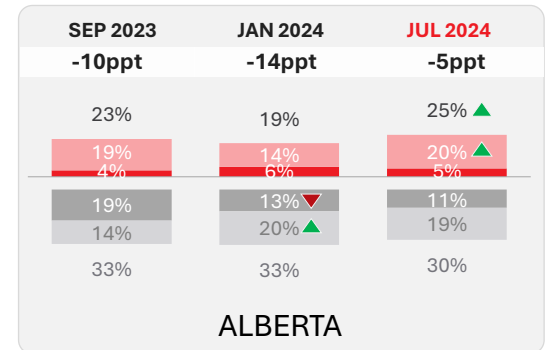
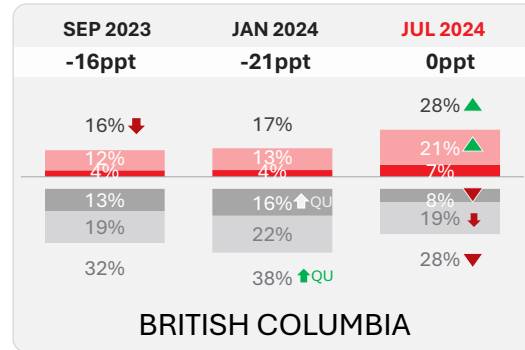
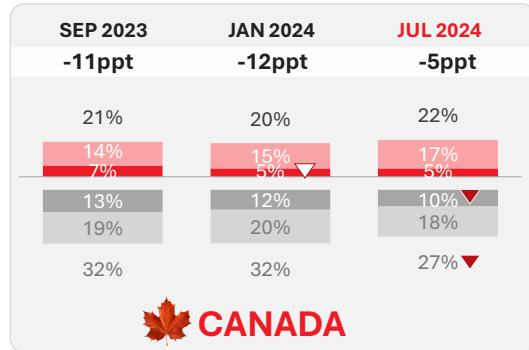
NET:

↑ **HIGHER**

■ A little
■ A lot

↓ **LOWER**

■ A lot
■ A little



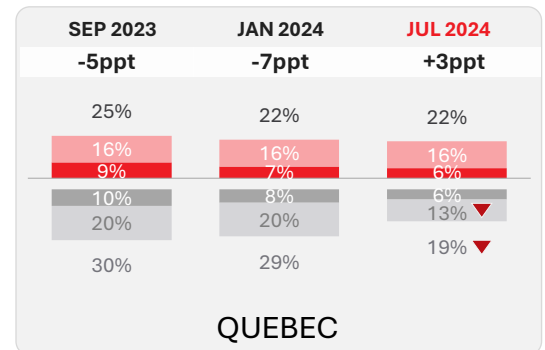
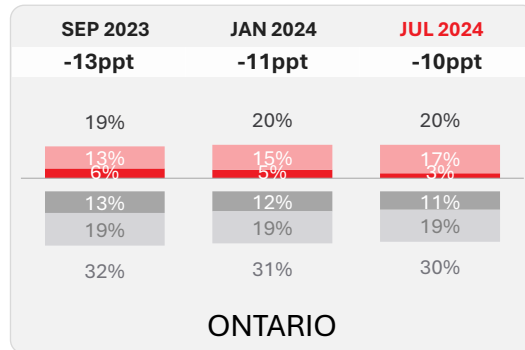
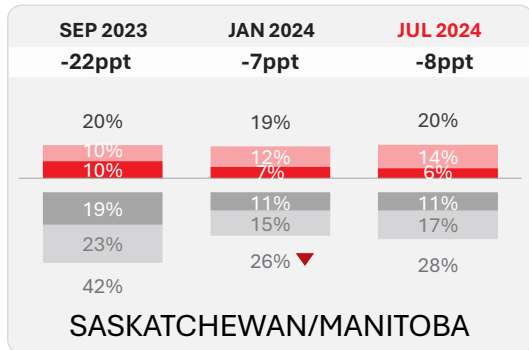
NET:

↑ **HIGHER**

■ A little
■ A lot

↓ **LOWER**

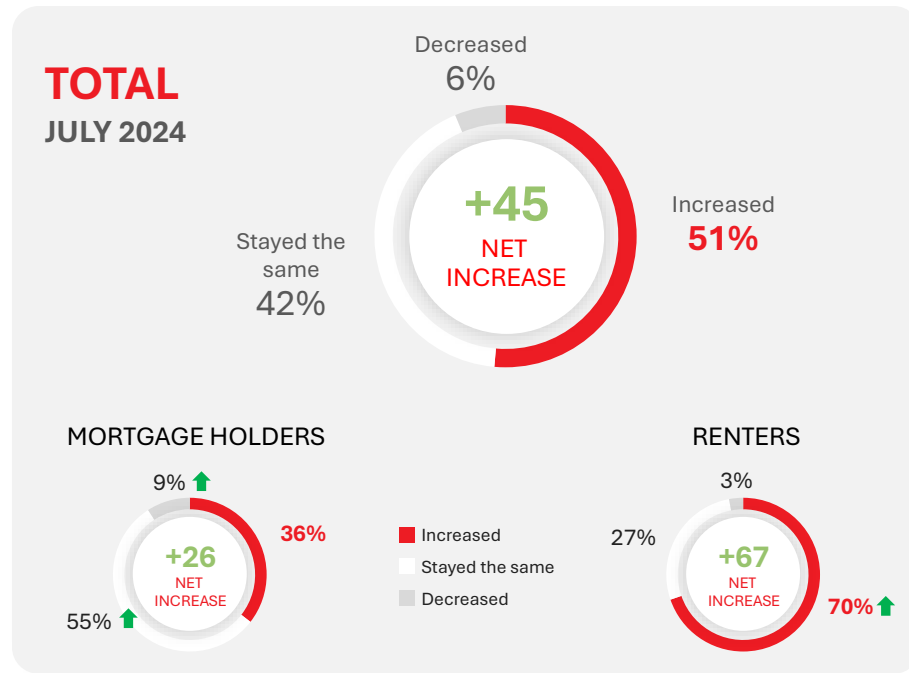
■ A lot
■ A little



CHANGE IN MORTGAGE/RENT PAST 2 YEARS

Clearly demonstrating why housing affordability is the number one issue in the country right now, fully half of Canadians who pay mortgage or rent report an increase in their payments over the past 2 years. This rises to a phenomenal seven-in-ten among renters.

Increases are seen for all subgroups, but the lowest income earners are the ones who are being hurt the most.

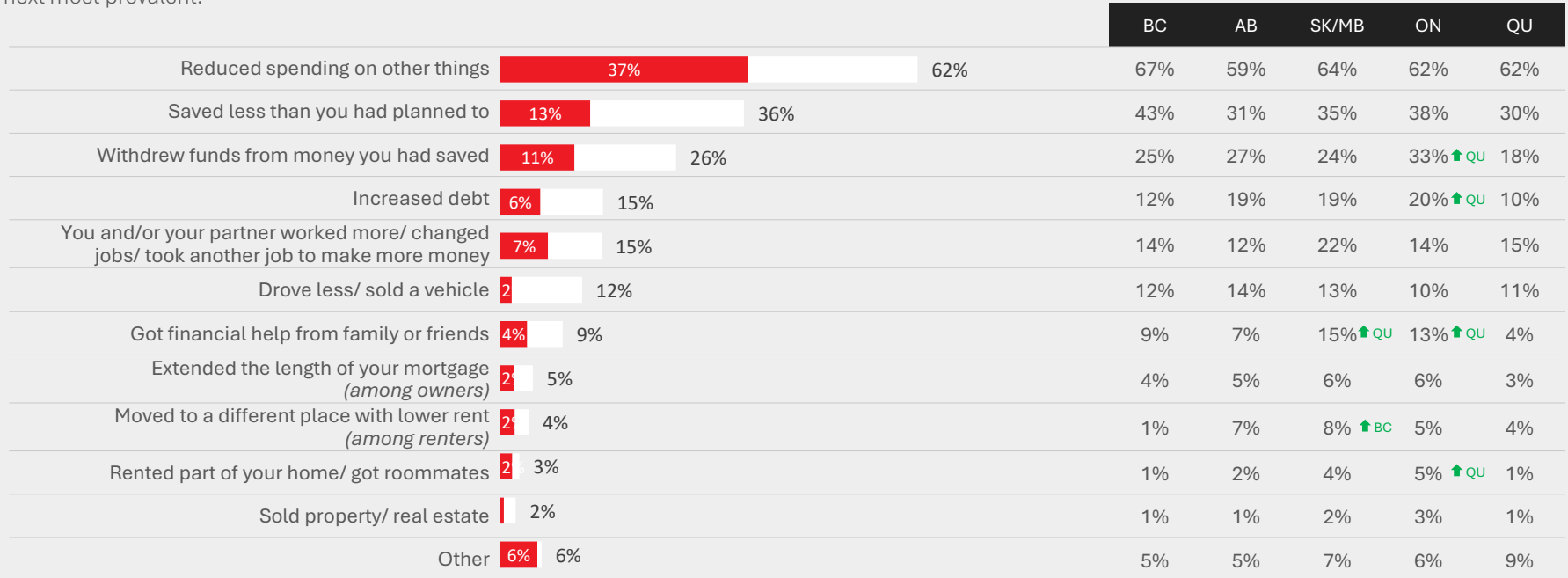


Decrease		JUL 2024	Increase	NET INCREASE
6%		British Columbia	50%	+44
7%		Alberta	45%	+38
8%		Saskatchewan/ Manitoba	48%	+40
7%		Ontario	51%	+44
6%		Quebec	54%	+48
6%		18-34	54%	+47
8%		35-54	48%	+40
4%		55+	53%	+49
6%		<\$60k	58%	↑\$100K+ +52
5%		\$60k-<\$100k	52%	+47
8%		\$100k+	43%	+35

SOURCE OF FUNDS FOR INCREASE IN MORTGAGE/RENT

(Among Those Whose Mortgage/Rent Increased)

Higher housing costs are having a double whammy of impacting both spending and saving. Reduced spending is the technique with the most widespread adoption that is allowing Canadians to afford their higher mortgage payments or rents, but reduced future savings or withdrawing funds from savings are the next most prevalent.



■ Most ■ Also used

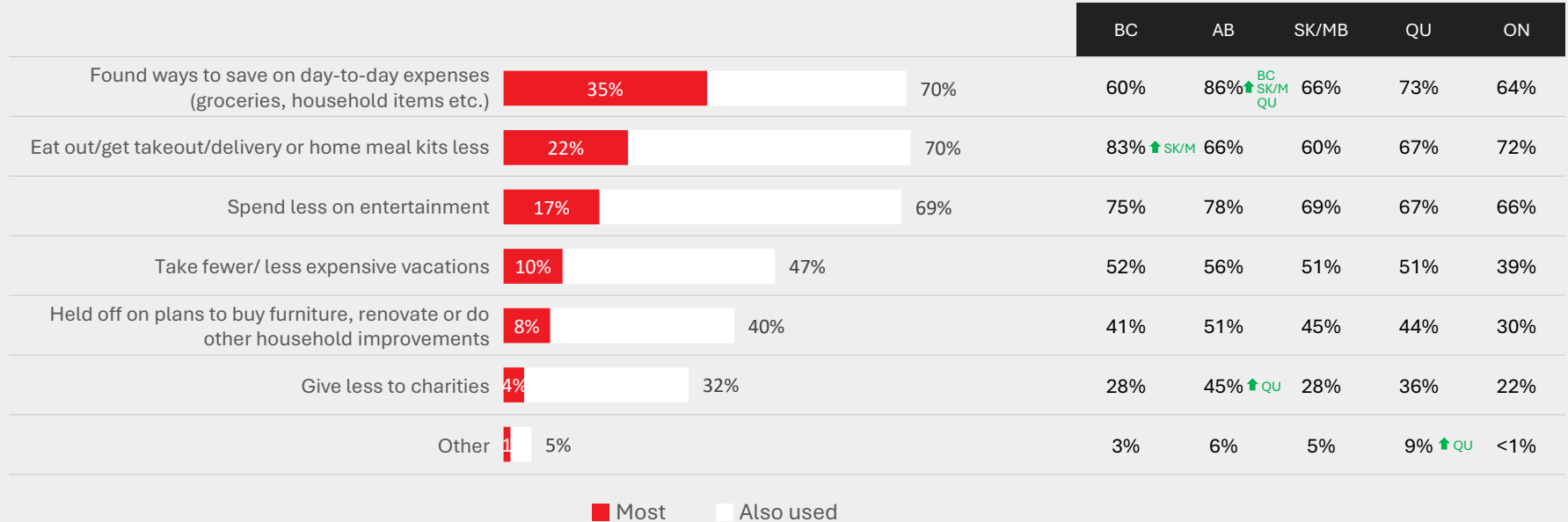
What have you done to pay for/manage the increase in your mortgage/rent?
 What was the one thing that you did that was the most impactful in terms of helping you the most to pay for the increase in your mortgage/rent?

↑ ↓ Statistically significantly higher/ lower than comparison group(s)

REDUCTION IN SPENDING FOR INCREASE IN MORTGAGE/RENT

(Among Those Whose Mortgage/Rent Increased and Decreased Spending as Result)

Most spending reduction is taking place on the everyday front, with reductions most often in day-to-day, eating out or entertainment budgets. Still, the travel and tourism industry will likely be feeling the negative impacts of the housing crisis as half are cutting back in this area.



APPENDIX



Methodology

- The LEO (Leger Opinion) panel is the largest Canadian panel with over 450,000 representative panelists from all regions of Canada. LEO was created by Leger based on a representative Canadian sample of Canadian citizens with Internet access.
 - Many of LEO's panelists were randomly selected through Leger's telephone call centre (RDD), panelists from more hard-to-reach target groups were also added to the panel through targeted recruitment campaigns. The double opt-in selection process, a model to detect fraud and the renewal of 25% of the panel each year ensures complete respondent quality. To ensure a higher response rate and reach people on their mobile devices, Leger has developed a high-performance Apple and Android app.
- The results presented in this study comply with the public opinion research standards and disclosure requirements of CRIC (the Canadian Research and Insights Council) and the global ESOMAR network. Leger is a founding member of CRIC and is actively involved in raising quality standards in the survey industry. President Jean-Marc Léger is a member of the CRIC's Board of Directors and the Canadian representative of ESOMAR.

Weighted and Unweighted Sample

The tables below present the distribution of respondents for the most recent wave on key variables before and after weighting for the current wave.

Region	Unweighted	Weighted
BC	405	366
AB	401	292
SK/MB	700	169
ON	601	1,016
QU	412	606
Atlantic	101	171

Gender	Unweighted	Weighted
Male	1,210	1,276
Female	1,410	1,344

Age group	Unweighted	Weighted
18-34	562	700
35-54	732	841
65+	1,326	1,080

Notes on Reading this Report

- The numbers presented have been rounded. However, the numbers before rounding were used to calculate the sums presented and might therefore not correspond to the manual addition of these numbers.
- In this report, statistically significant differences in trending over time are shown as follows:

▲▼ Statistically significantly higher/lower than previous wave

- In this report, statistically significant differences between subgroups are shown as follows:

↑↓ Statistically significantly higher/ lower than comparison group(s)

MOST IMPORTANT CANADIAN ISSUE: **AIDED x REGION**

TOP 3 MOST IMPORTANT ISSUES		Canada			British Columbia			Alberta			Saskatchewan/ Manitoba			Ontario			Quebec		
		Sep 2023 (n=2,142)	Jan 2024 (n=2,043)	Jul 2024 (n=2,620)	Sep 2023 (n=410)	Jan 2024 (n=400)	Jul 2024 (n=405)	Sep 2023 (n=408)	Jan 2024 (n=401)	Jul 2024 (n=401)	Sep 2023 (n=142)	Jan 2024 (n=127)	Jul 2024 (n=700)	Sep 2023 (n=640)	Jan 2024 (n=601)	Jul 2024 (n=601)	Sep 2023 (n=436)	Jan 2024 (n=414)	Jul 2024 (n=412)
	Housing affordability	47%	44%	46%	54%	57%	52%	40%	40%	44%	29%	29%	32% ↓	51%	43%	49% ▲	43%	40%	42%
	Inflation	50%	46%	42% ↓	47%	42%	41%	56%	50%	51%	56%	53%	45%	48%	45%	40%	51%	47%	41%
	Healthcare	35%	41%	38% ↓	36%	43%	39%	33%	33%	33%	41%	46%	39%	32%	33%	34%	37%	50%	41% ↓
	Climate change	25%	25%	20% ↓	28%	27%	24%	21%	16%	13%	14%	22%	15%	19%	21%	17%	36%	38%	26% ↓
	Immigration	8%	11%	18% ▲	6%	7%	14% ▲	10%	10%	15% ▲	3%	8%	14% ▲	9%	13%	19% ▲	8%	12%	22% ▲
	Homelessness	14%	17%	18%	16%	20%	23%	12%	15%	15%	9%	21%	17%	17%	20%	18%	12%	10%	14%
	Taxes	15%	17%	17%	10%	20%	21%	16%	20%	22%	27%	21%	25%	19%	17%	15%	9%	13%	14%
	Poverty	16%	15%	15%	15%	11%	12%	12%	14%	15%	18%	8%	13%	17%	16%	16%	17%	18%	16%
	Crime / public safety	10%	12%	15% ▲	17%	12%	14%	12%	17%	14%	9%	21%	22%	11%	13%	17%	6%	9%	11%
	Interest rates	26%	17%	14% ↓	21%	13%	9%	30%	18%	14%	31%	18%	11%	24%	17%	15%	30%	19%	17%
	Government debt	9%	13%	14%	5%	13%	15%	13%	18%	15%	13%	13%	17%	9%	12%	12%	10%	12%	18% ▲
	Rising gas prices	13%	7%	7%	13%	5%	4%	8%	9%	10%	20%	6%	11% ▲	12%	6%	7%	13%	6%	6%
	Opioid crisis	4%	5%	6%	8%	10%	9%	7%	9%	7%	3%	6%	6%	5%	4%	7% ▲	1%	3%	4%
	Wars	2%	3%	5%	2%	1%	3%	3%	1%	3%	5%	5%	5%	2%	4%	4%	3%	3%	7%
	Gun violence	3%	3%	4%	2%	2%	3%	2%	3%	1%	0%	1%	2%	4%	4%	6%	1%	3%	6%

Note: Responses 4% and greater for Jan 2024 are shown.

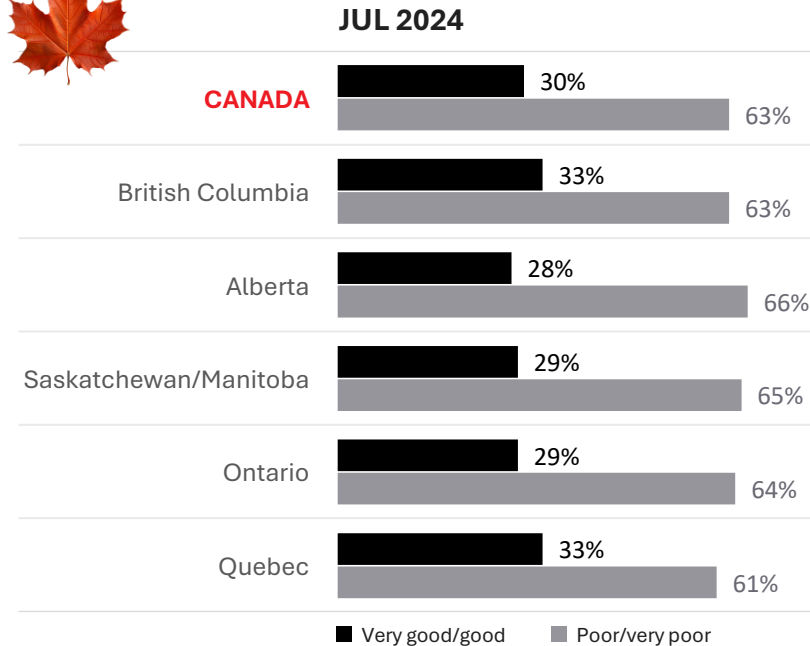
What is the number one important issue facing Canada today?

What is the second most important issue? The third most important?

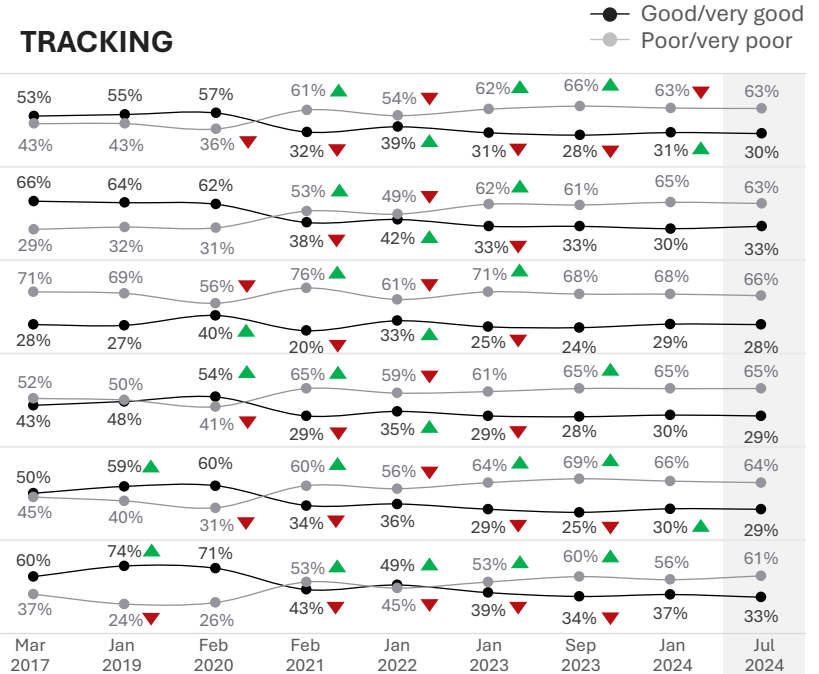
▲ ▼ Statistically significantly higher/lower than previous wave

CURRENT CANADIAN ECONOMIC PERCEPTIONS x REGION

More or less stable national economic confidence versus six months ago is reflected in all provinces. A directionally positive shift for BC and negative shift for Quebec means that perceptions are now registering as being remarkably similar across the country.

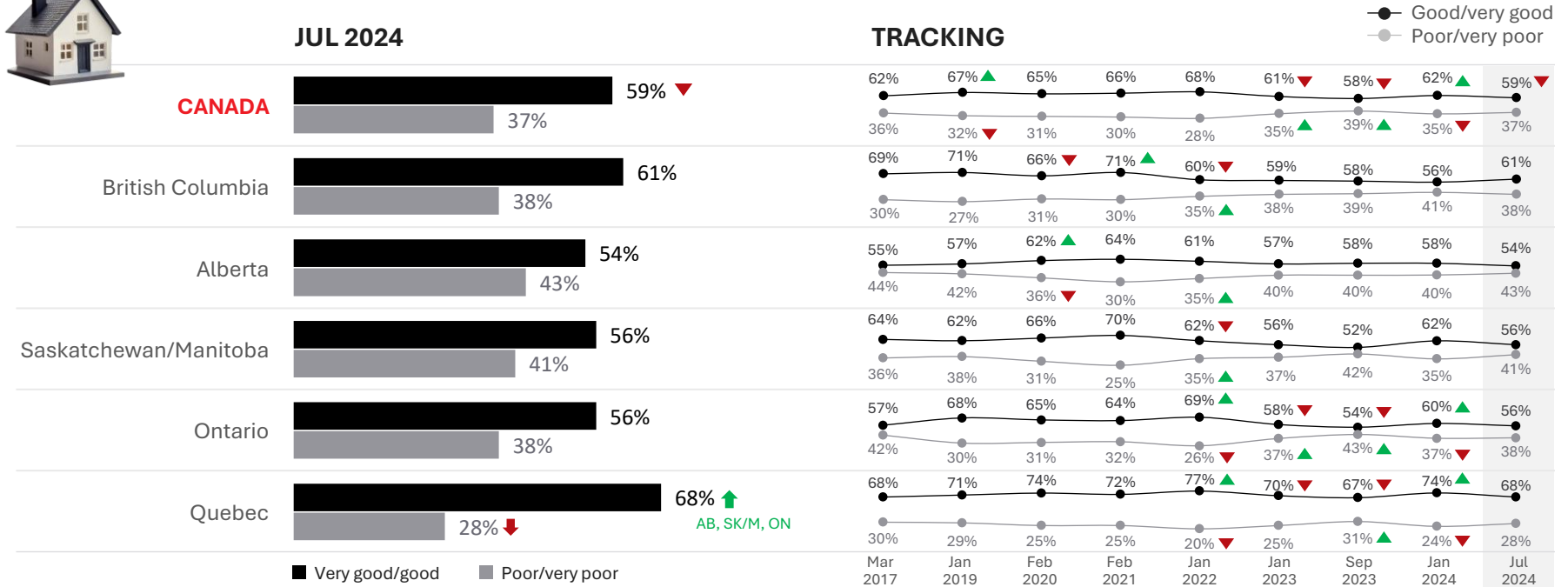


TRACKING



CURRENT HOUSEHOLD ECONOMIC PERCEPTIONS x REGION

Slightly softer household economic perceptions nationally are reflected in all provinces with the exception of BC, which is bucking the trend with directionally more optimistic views this July. Quebec continues to be more optimistic versus most other provinces.



WORRIES x REGION

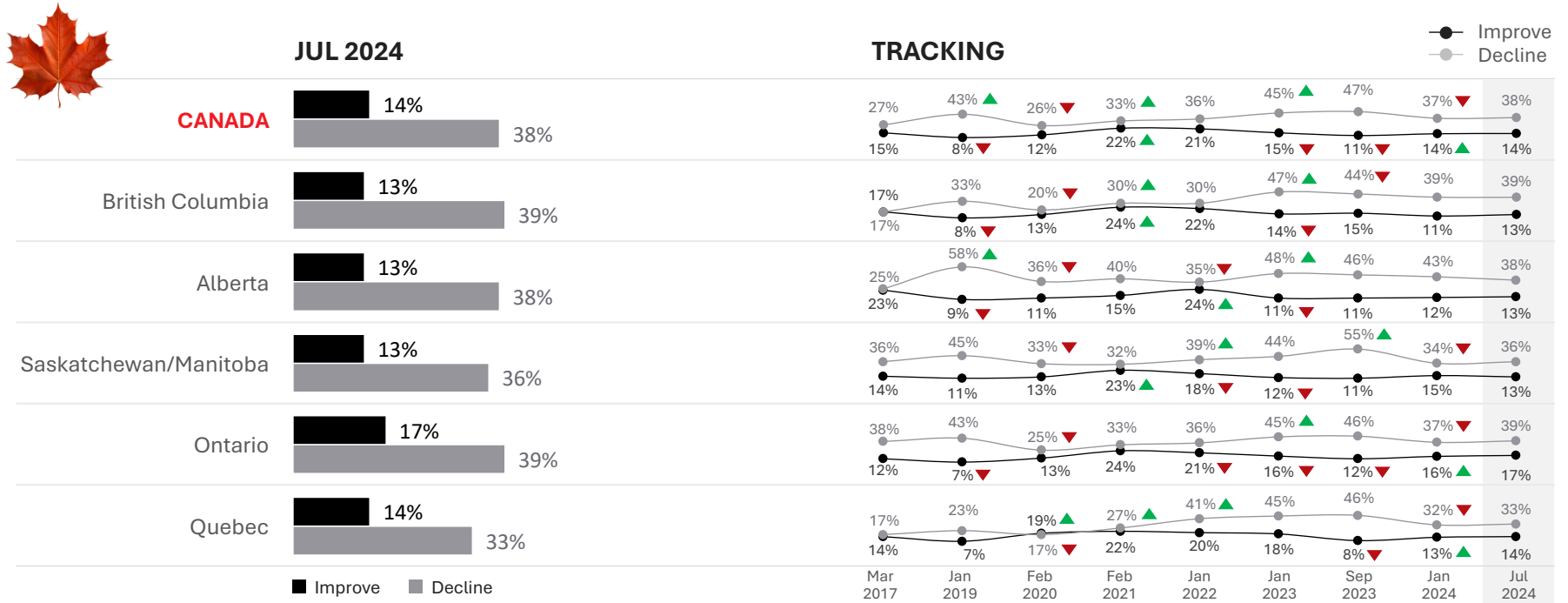
Worried frequently/ occasionally/ once or twice over past couple of months	British Columbia							Alberta							Saskatchewan/ Manitoba							Ontario							Quebec																
	Feb 2020	Feb 2021	Jan 2022	Jan 2023	Sep 2023	Jan 2024	Jul 2024	Feb 2020	Feb 2021	Jan 2022	Jan 2023	Sep 2023	Jan 2024	Jul 2024	Feb 2020	Feb 2021	Jan 2022	Jan 2023	Sep 2023	Jan 2024	Jul 2024	Feb 2020	Feb 2021	Jan 2022	Jan 2023	Sep 2023	Jan 2024	Jul 2024	Feb 2020	Feb 2021	Jan 2022	Jan 2023	Sep 2023	Jan 2024	Jul 2024										
Safety of your Savings	58%	58%	62%	62%	63%	63%	60%	64%	69%	56%	68%	67%	68%	66%	60%	57%	61%	69%	67%	57%	62%	67%	64%	52%	66%	67%	69%	68%	51%	63%	39%	48%	57%	61%	56%										
Value of your investments	59%	66%	62%	67%	64%	66%	64%	67%	69%	57%	71%	68%	68%	61%	65%	61%	65%	64%	66%	63%	61%	68%	63%	56%	70%	68%	72%	66%	48%	54%	44%	55%	55%	59%	56%										
Being able to pay your bills	63%	46%	56%	53%	57%	60%	52%	61%	56%	55%	60%	65%	64%	67%	58%	49%	54%	60%	60%	52%	62%	66%	53%	47%	58%	60%	64%	59%	63%	57%	32%	38%	48%	45%	48%										
Having to carry a balance on a credit card	54%	41%	50%	50%	50%	53%	50%	57%	44%	47%	53%	59%	62%	58%	55%	45%	52%	43%	53%	54%	56%	57%	51%	44%	50%	54%	60%	58%	55%	51%	28%	33%	39%	39%	39%										
You/household member becoming unemployed	56%	n/a	n/a	n/a	50%	50%	47%	60%	n/a	n/a	n/a	57%	59%	53%	53%	n/a	n/a	n/a	40%	45%	50%	64%	n/a	n/a	n/a	52%	57%	57%	54%	n/a	n/a	n/a	35%	32%	37%										
Being able to pay mortgage/rent	49%	36%	42%	46%	47%	51%	43%	49%	42%	42%	42%	48%	50%	53%	43%	37%	41%	38%	46%	40%	46%	59%	45%	36%	48%	49%	48%	53%	49%	45%	21%	26%	32%	33%	32%										
Your employer running into serious financial trouble	31%	36%	29%	31%	32%	36%	35%	46%	51%	34%	36%	37%	34%	37%	37%	36%	31%	26%	29%	30%	32%	48%	46%	28%	34%	34%	37%	39%	39%	45%	19%	17%	21%	23%	25%										
OVERALL WORRY INDEX	- n/a -							65	70	- n/a -							63	62	- n/a -							71	64	- n/a -							64	62	- n/a -							77	75

In the past couple of months, how often have you worried about each of the following?

▲▼ Statistically significantly higher/lower than previous wave

FUTURE CANADIAN ECONOMIC PERCEPTIONS x REGION

Continuing the same theme, future predictions are also consistent across the country, suggesting all are taking a wait and see approach.

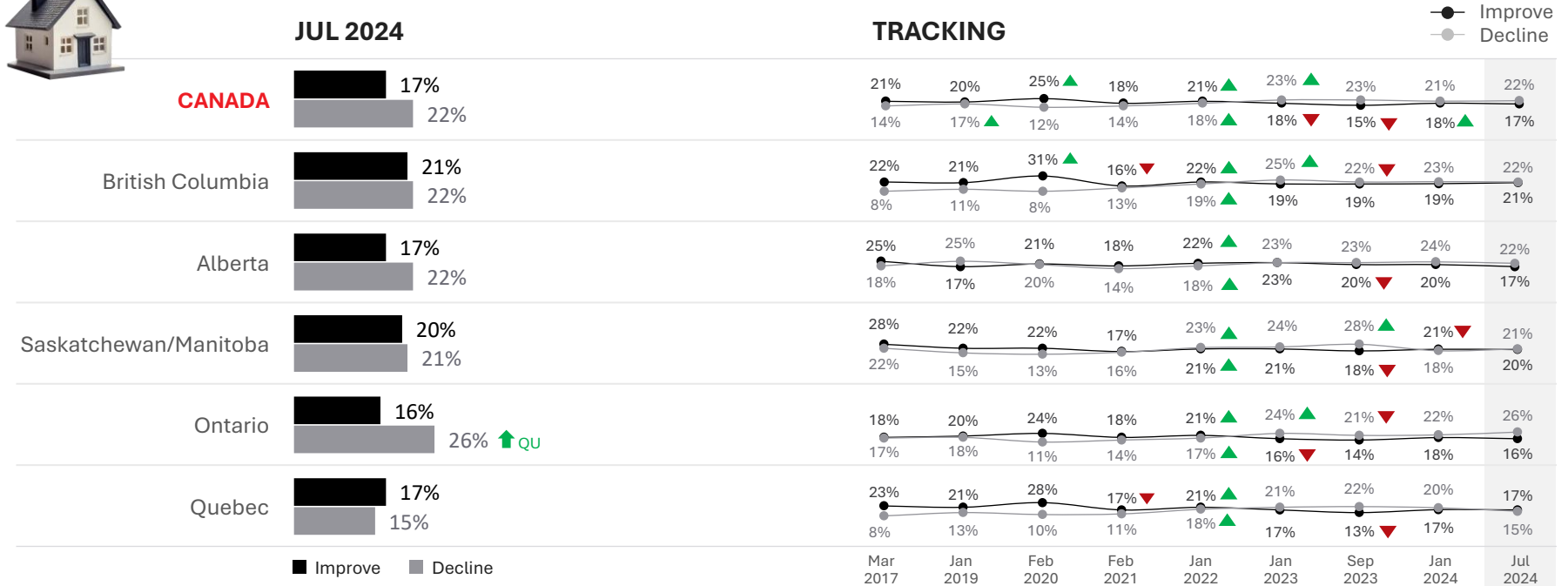


Over the next six months, do you expect the Canadian economy to improve, remain the same, or decline?

▲▼ Statistically significantly higher/lower than previous wave

FUTURE HOUSEHOLD ECONOMIC PERCEPTIONS x REGION

All regions are standing pat on their predictions of future household economic conditions versus earlier this year. Quebec remains the most optimistic while Ontario is the least so this July.



Over the next six months, do you expect your own household's finances to improve, remain the same, or decline?

▲ ▼ Statistically significantly higher/lower than previous wave

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consultants

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