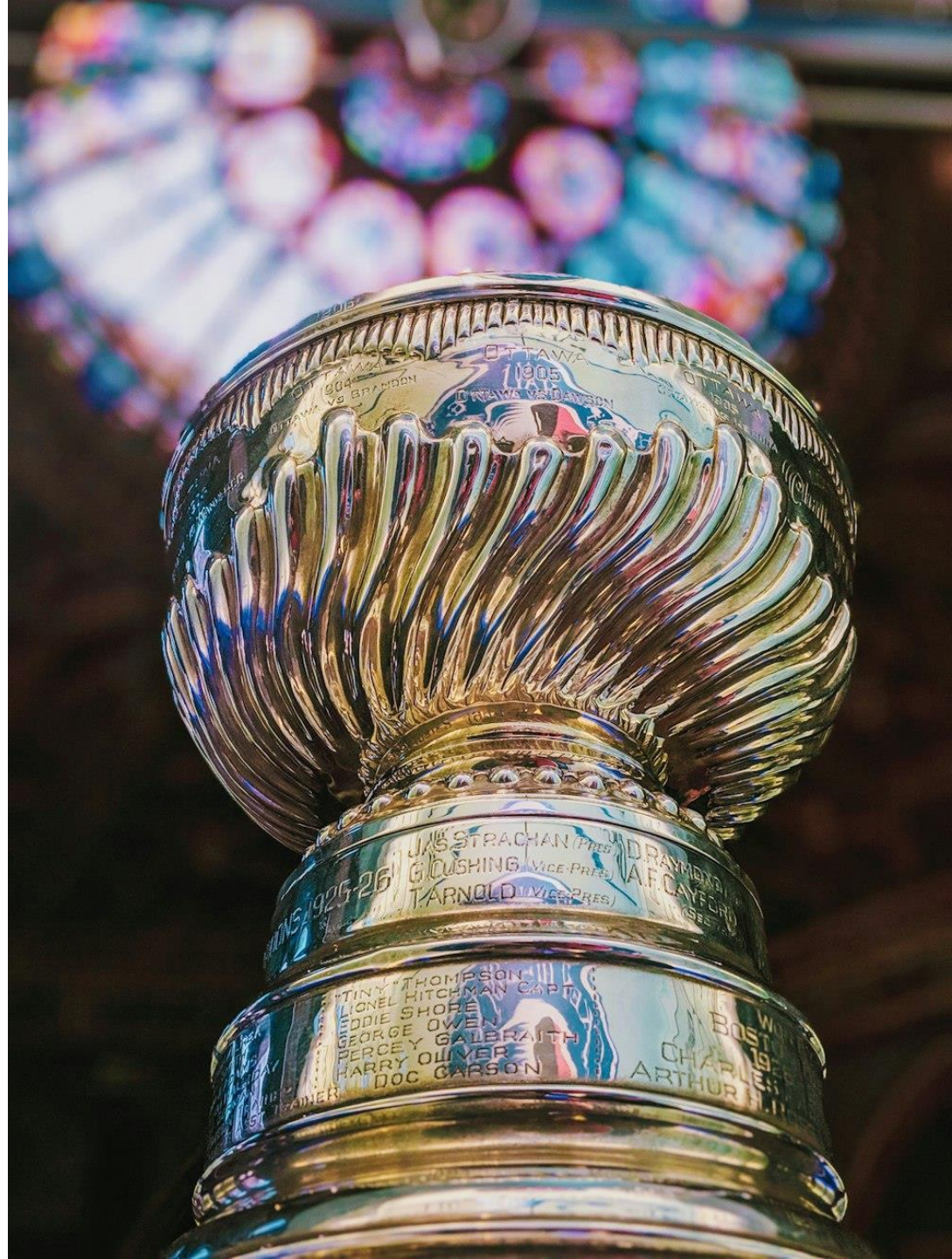


The Canadian Maru Household Outlook Index (MHOI)

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

June 2024





The June 2024 Canadian Maru Household Outlook Index (MHOI) is at **85**, down one point from **86** last month.

This is the lowest value since November 2023 and is the third consecutive monthly decline. There are **two** elements driving the MHOI this month:

- **More Canadians say they have become worse off financially since last month (28% up from 25% last month)** and compares with those who believe they are better off (11% no change), and a majority (61%) who think they are at the same level as to where they were last month. Welcome back to November 2023 when these same numbers last appeared. For those who feel worse off, this is a group that has grown five percentage points since February 2024 (from 23% then to today's 28%).
- **More Canadians think the state of the national economy is moving in the *right direction* (34% up three points from 31% last month).** This is a recovery from last month's post-budget blues as it slips back to where the country wide sentiment was at in March 2024. Alternatively, an easy two-thirds (**66%** down from 69% last month) believe the state of the Canadian economy is on the **wrong track**.

Commentary

The outcome of the playoffs for the Holy Grail of hockey between the Florida Panthers and the Edmonton Oilers is far from known as this edition of the MHOI is published, but for whichever team takes the Stanley Cup and all its glory, the less fortunate suitors will work through their sorrows on the golf links during the summer. The last time the Oilers won the Stanley Cup was in 1990 (34 years ago) when they beat the Boston Bruins in five games, and the last time any Canadian team hoisted the chalice was in 1993 (31 years ago) when the Montreal Canadiens beat the Los Angeles Kings (also in five).

For most Canadians, the competition will be a grand distraction from how they feel about the economy and their pocketbooks, and a win would be sweet, especially when it pits the Canadian McDavid who has naturally inherited the game against the American Goliath who has appropriated it. And, boy, do Canadians ever need something else to think about.

While there's been a post-budget rebound on how the Canadians view the economy—the state of economy (34% right direction) and the outlook for the national (39% improve) and local economic improvement (41% improve) are exactly where they were at the end of March—the perception of how their own financial lives are faring has sunk: almost three in ten (28%) feel their personal financial situation is worse off than it was a month ago. With a steady rise since February (23%), this marks the highest level of pocketbook pessimism since November 2023 (with the same gap score between a sense of improvement and deterioration -17).

This latter finding is no doubt an underpinning to the majority (55%, up from 52% in March) who say they're worried about their personal/family day-to-day finances (a tie for the highest reading yet since tracking began four years ago) and an all-time high over the same period for those who say they are struggling to make ends meet (43% up from 37% in March). Ergo: the June sounding finds an updraft recovery on how Canadians view the economy, but a downdraft on how they feel about their own personal financial situation.

Granted, this latest MHOI sounding was completed just days before the Bank of Canada announced its first interest rate cut (from 5.0% to 4.75%) since 2020. However, when put in context with some of the other lagging indicators recently released, you'd be hard pressed to think it's going to have a big impact on lifting the spirits of the many when it's the relatively few who are desperate for some variable and renewal mortgage rate relief.

One of those indicators shows that while real gross domestic product (GDP) grew at an annualized pace of 1.7%, it was well below estimates that had assumed the Canadian economy would grow at an annualized rate of 2.5% to start the year, and even further from what the Bank of Canada was expecting for the quarter (2.8%).

The other was that hiring stalled in May, and the unemployment rate climbed to 6.2%, almost a full percentage point higher than a year earlier. Economists had been taken by surprise in April when employment jumped by 90,000—the largest monthly increase since January 2023. However, the May employment data showed a modest 27k new positions had been added but was almost entirely in part-time jobs (+62k) and mainly in one province (Ontario), while full-time employment declined (-36k).

This suggests the job market is back on trend as the employment rate, which measures the percentage of the working-age population that has a job, dropped to 61.3%, the lowest since January 2022 and significantly lower than the 2019 average of 62.3%. Notably, though, job vacancies dropped to about 610,000 in March, compared with roughly 1 million back two years ago in the spring of 2022, suggesting employers responded to weaker demand by removing job postings as opposed to triggering a cascade of layoffs.

Paradoxically, a slowing economy and a rise in unemployment as a response to relatively high interest rates is good news as inflation eased to a three-year low of 2.7% in April and core measures continued to cool. For enduring this tightening of the screws, Canadians were rewarded with a cookie (a 25-basis point rate cut) and were told by Bank of Canada Governor Tiff Macklem that if they remained patient and stayed earnest on the path he set in motion, they might even get a toy as a takeaway: a soft landing (and maybe another rate cut cooking to go with it). To get there, wage increases will have to stay in check (they were up to 5.1% year-over-year in May from 4.7% in April), and core inflation must continue to fall a bit more. If that seems like a simple recipe, then let's add the following ingredients to the mix.

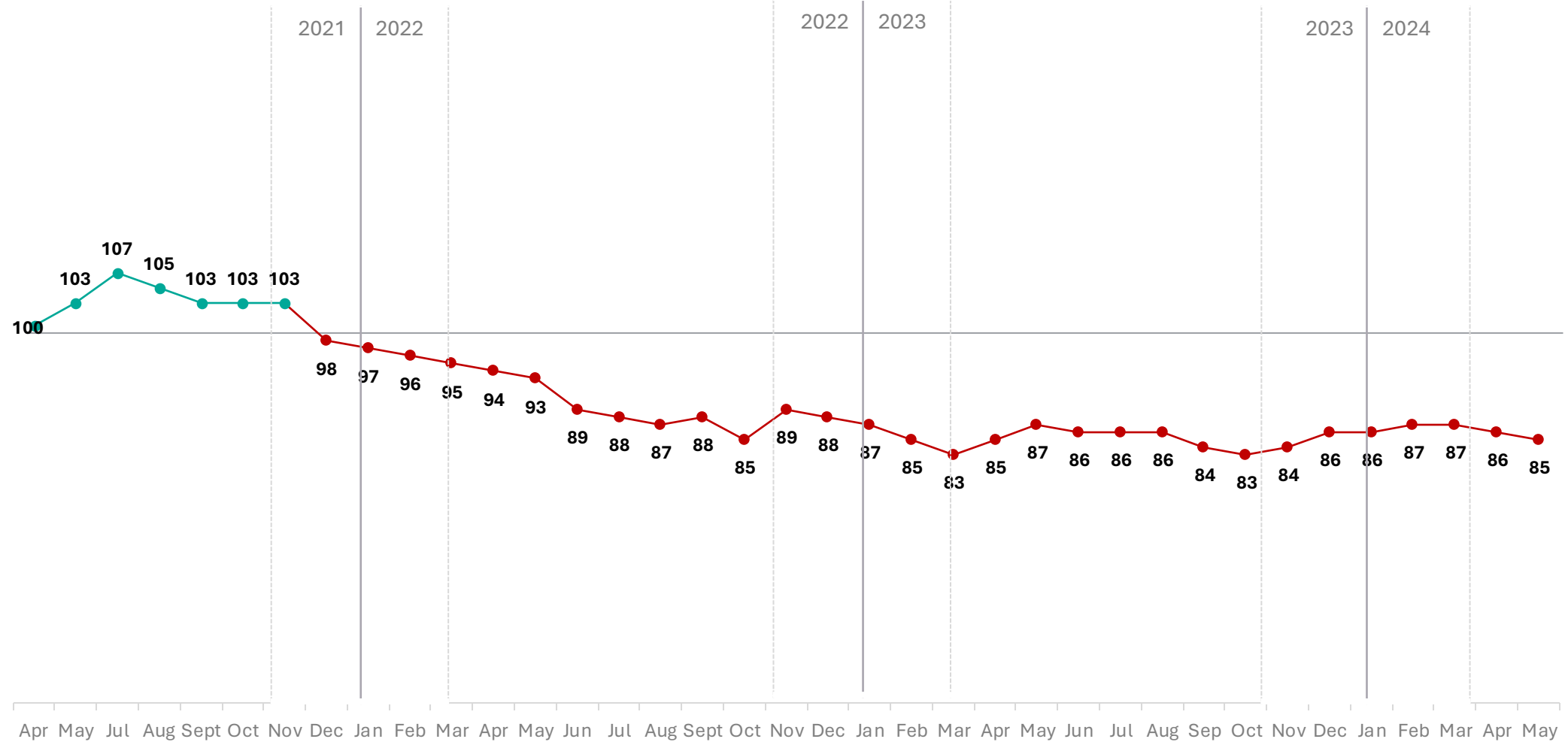
First, in 2023, Canada gained 1.27 million people in 2023, up by 3.2% from 2022, marking the largest single-year increase in nearly 70 years (1957) and the vast majority (97.6%) of that growth came from international migration (both permanent and temporary immigration) with the remaining portion (2.4%) coming from a natural increase. This massive influx of immigrants has driven down gross domestic product per capita leading to a decline in productivity levels. This begs the question: is this distorting the monetary policy assessment lens and the recent spate of alarm bells being rung over Canada's lack of productivity?

Second, will Canada and the US have such out-of-sync economic and monetary policies that the good ship Macklem will have to alter course? With the latest US figures reporting a slowing of its GDP (1.3% against an expected 1.6%) because of tighter consumer spending, it doesn't seem that a change is necessary, yet. Which means for now, the only real cross-border game that's worth following is the rivalry for the Stanley Cup, **so stay tuned.**



The Canadian Maru Household Outlook Index (MHOI)

June 2024 **85**



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

Who's driving the Index this Month?

The June 2024 Canadian MHOI is at **85**, **down one point from last month's measure of 84**. Here is a profile of those Canadians having the most influence on the Index this month (+/- indicates the month-over-month percentage point difference):

- **More Canadians say they have become worse off financially since last month (28% up from 25% last month) and compares with those who believe they are better off (11% no change), and a majority (61%) who think they are at the same level as to where they were last month.** Welcome back to November 2023 when these same numbers last appeared. For those who feel worse off, this is a group that has grown five percentage points since February 2024 (from 23% then to today's 28%). While every cohort across the country believe they are worse off compared to last month, those who are more are women (29% +4 versus men 26% +1), those who are middle-aged (35-54 30% +3), and those with middle income (\$50K-\$99K 30% +3).
- **More Canadians think the state of the national economy is moving in the *right direction* (34% up three points from 31% last month).** This is a recovery from last month's post-budget blues as it slips back to where the country wide sentiment was at in March 2024. Alternatively, an easy two-thirds (66% down from 69% last month) believe the state of the Canadian economy is on the *wrong track*. Those most likely to be driving the lift this month have the highest income (\$100K+ 38% +7), are middle-aged and older (35-54 30% +5/55+ 35% +4), and women (31% +4 versus men 36% +1). Regionally, Atlantic Canada (31% +7) and Québec (38% +6) lead the way – with the only negative drop of all found in Manitoba/Saskatchewan (30% -6).





By the numbers

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

- Moving in the right direction **34% +3**
- On the wrong track **66% -3**

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

- Improved since last month **11% N/C**
- Remain the same over the last month **61% -3**
- Become worse since last month **28% +3**

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

The national economy will improve **39% +3 61%**

The local economy where I live will improve **41% +2 59%**

I will have more than two months of savings to cover any unexpected costs or needs **63% N/C 37%**

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% +1 45%**

I will have the ability to purchase the products needed for me/our family **82% N/C 18%**

I will invest in the financial markets because now is a good time to do so **33% +1 67%**

I will purchase big ticket items like a car or furniture **19% N/C 81%**

I will buy a house **12% N/C 88%**

I will struggle to make ends meet **43% +2 57%**

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% -2 87%**

I will likely declare bankruptcy **9% -2 91%**

I will earn a livable wage **61% +1 39%**

I will have enough food for myself/family **88% N/C 12%**

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 **33% N/C 67%**

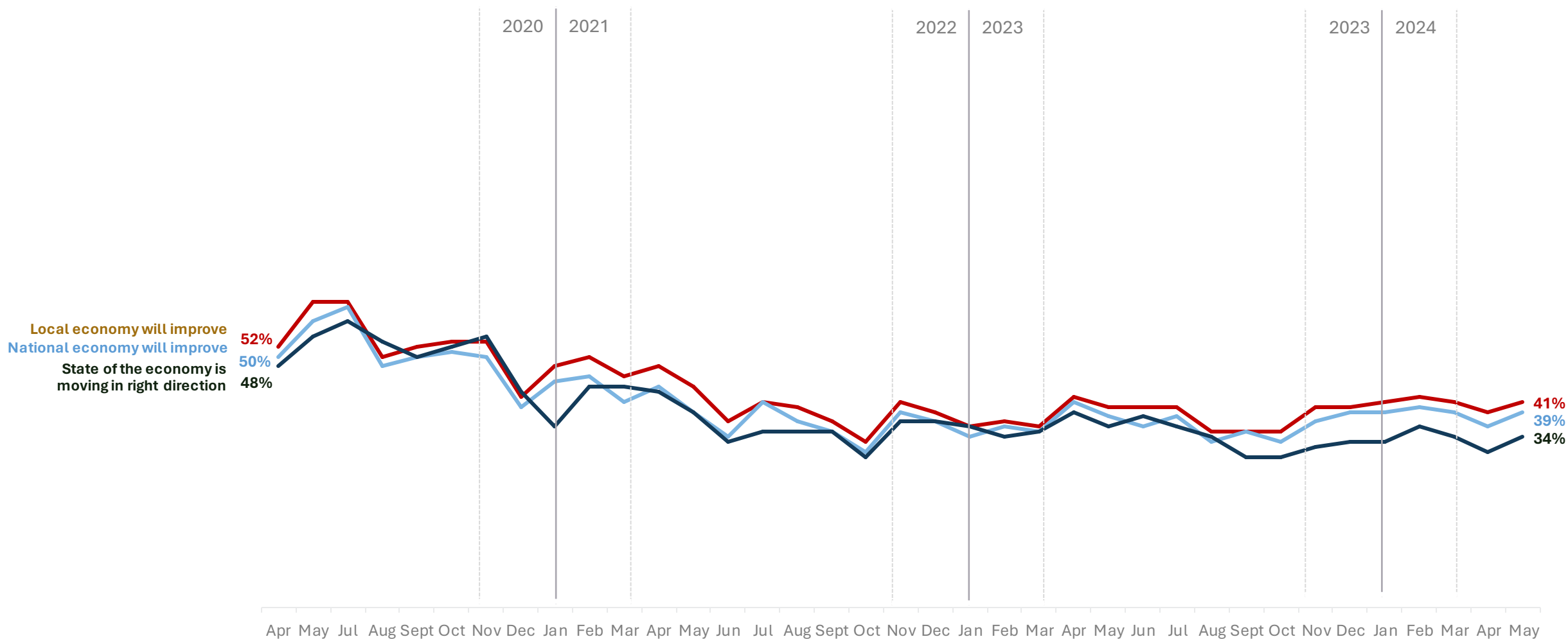
I will move to a smaller residence because I need to save money **19% N/C 81%**

I will take a learning course to upgrade my skills/education **24% -2 76%**

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

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

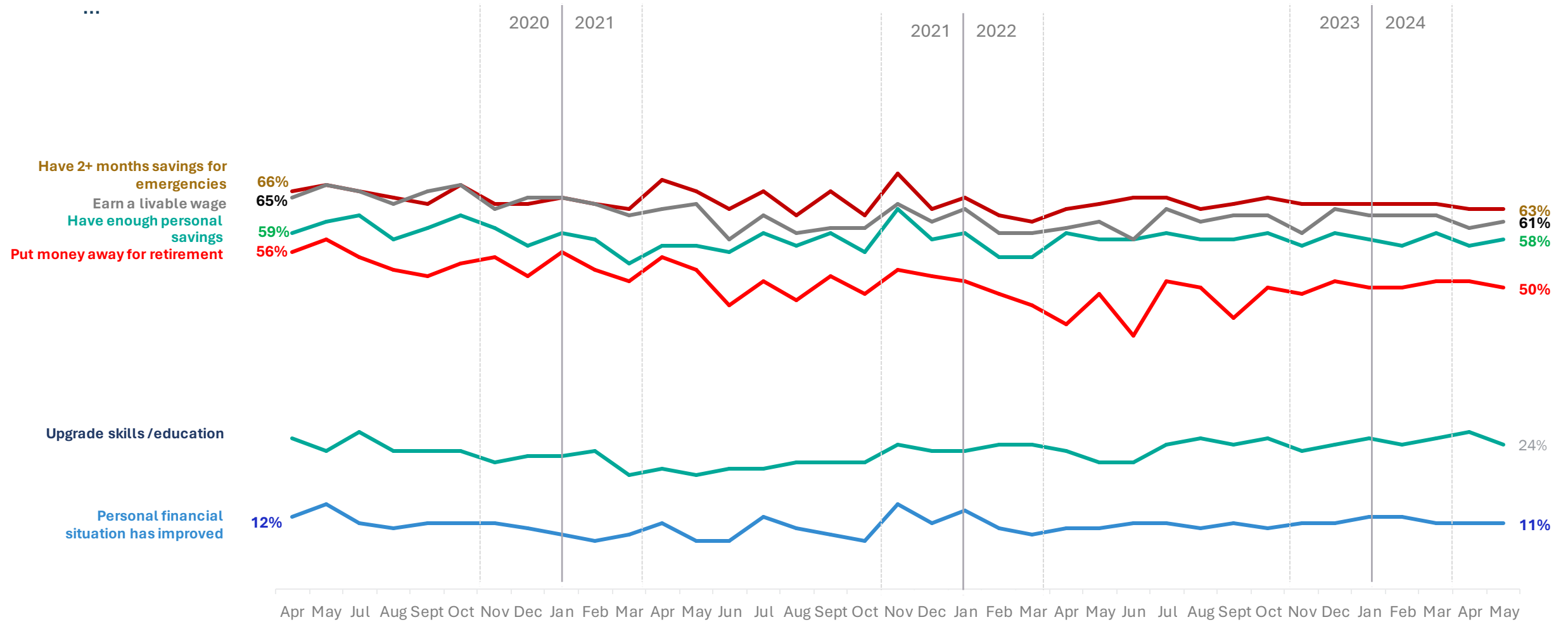
Over the next 60 days, likely to...



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

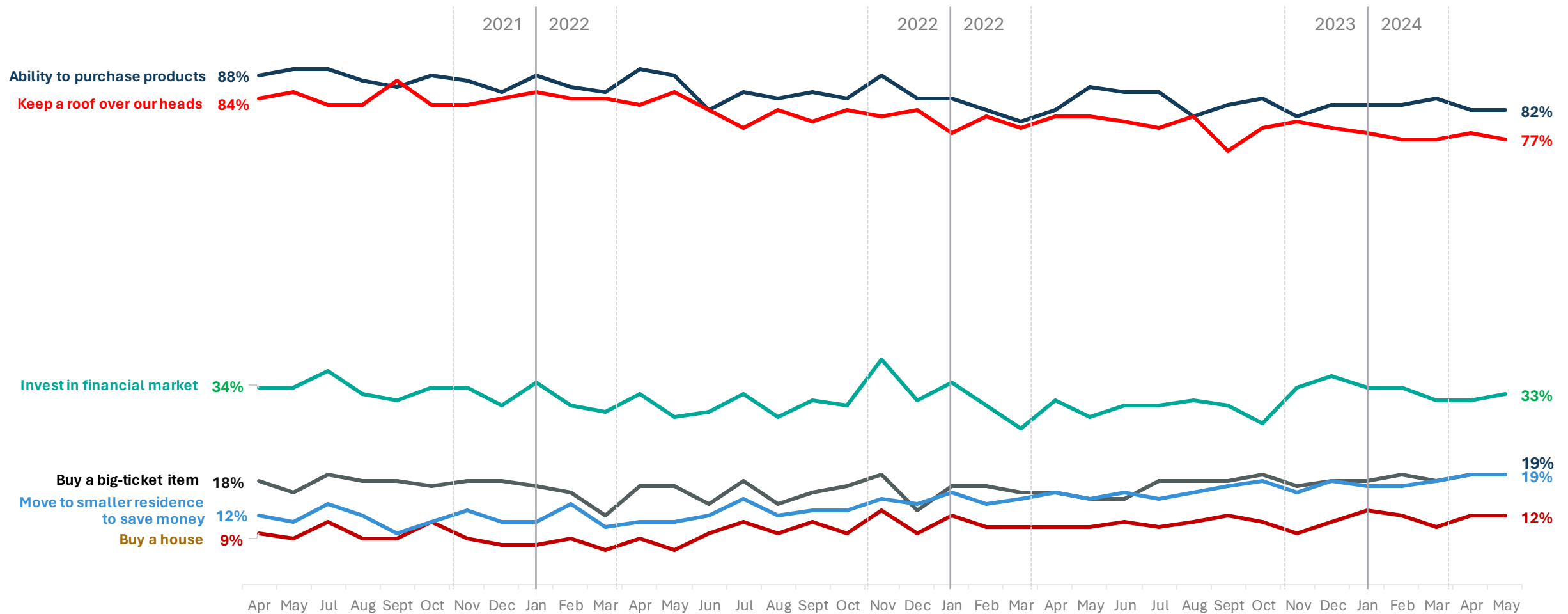
Over the next 60 days, likely to...

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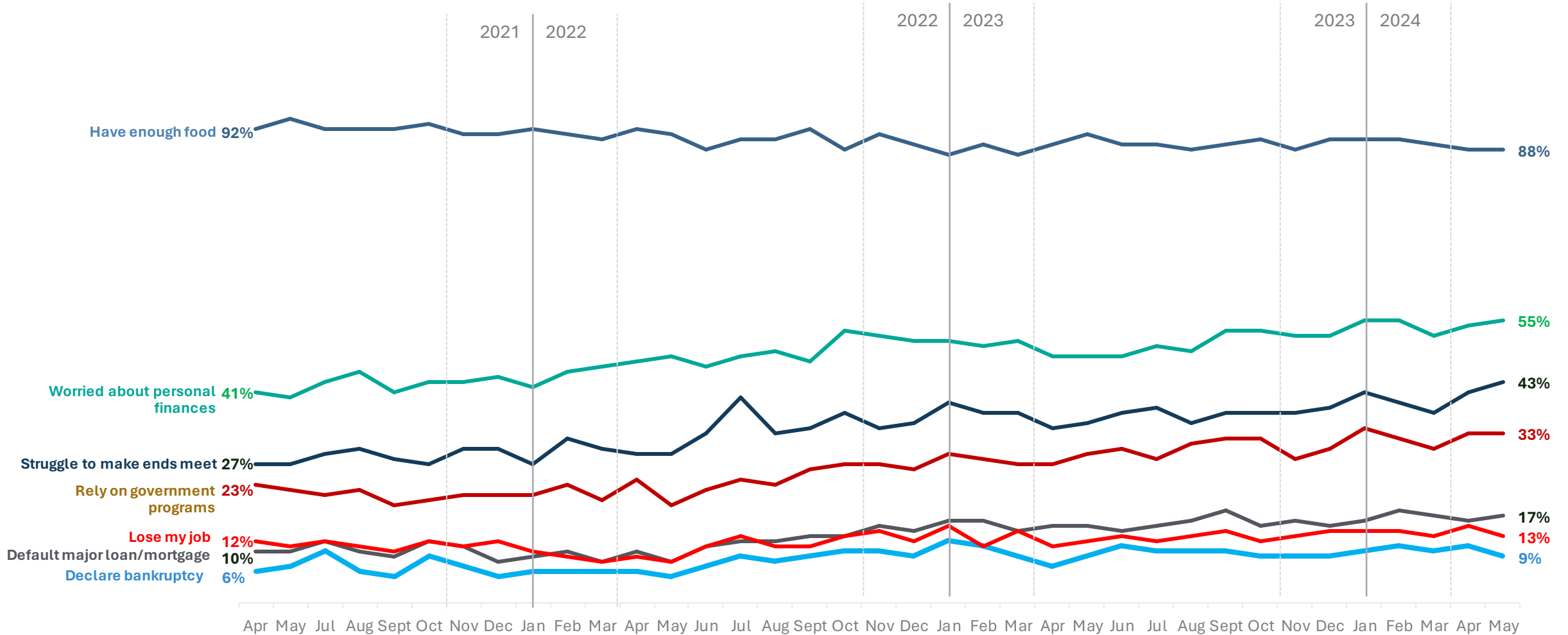
The Canadian Maru Household Outlook Index (MHOI): Purchasing Power

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 May 31 -June 3, 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.

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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