

Canadians' personal financial circumstances improving, but majority will defer major purchases in the next year

Two-thirds say they're spending less on non-essential items over the past month

July 23, 2020 – As communities try to balance re-starting business and commerce locally while avoiding new outbreaks of COVID-19, the status of many Canadians' own personal financial circumstances appears to be improving but fragile.

A new study from the non-profit Angus Reid Institute finds the percentage of Canadians saying their financial situation is "good" or "great" has risen seven points from early April, from 73 per cent to 80 per cent.

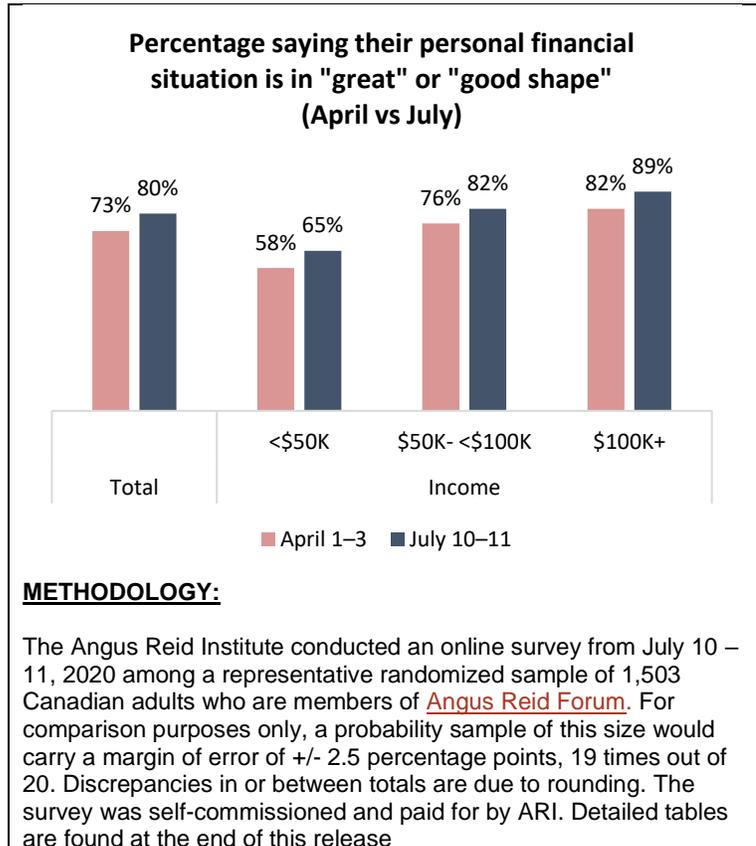
That said, a considerable group of one-in-five continue to say they are in "bad" or "terrible" shape.

The vulnerability among the one-in-three Canadians receiving employment insurance or the Canada Emergency Response Benefit (CERB) is even higher. Among those who have applied for these programs, 30 per cent say they are barely treading water.

Regardless of their own financial situations today, more than half (56%) do not view the next 12 months as an ideal time to make major purchases such as a vehicle or a home. At least half of Canadians across all income levels say this, rising to two-thirds among those with a household income of less than \$50 thousand.

More Key Findings:

- Three-in-ten Canadians say that they have lost work due to the COVID-19 outbreak. This number has been stable since May.
- Two-thirds of Canadians (69%) still say they are spending less on non-essential items or "extras" such as gifts and restaurant meals than normal
- Those who have lost work are three-times as likely to say they are having a difficult time financially when compared to those who have experienced no job loss. Two-in-five (38%) Canadians who have lost hours say this



CONTACT:

Shachi Kurl, Executive Director: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
Dave Korzinski, Research Director: 250.899.0821 dave.korzinski@angusreid.org

About ARI

*The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research foundation established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.*

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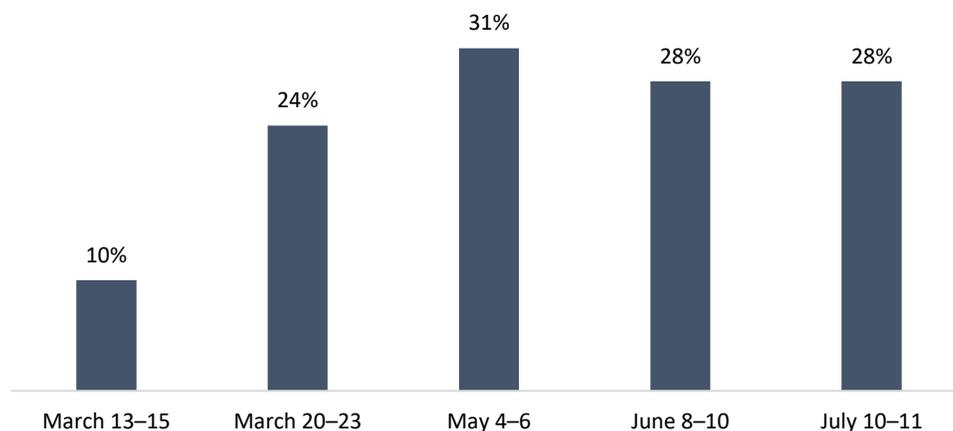
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Part One: Economic Update

Personal finances see slight improvement

Although employment in certain industries, those with most jobs allowing for remote work or social distancing, have returned to rates observed before shutdown measures were in place, many Canadians are still out of work. The percentage that report having been laid off or had hours cut is now at 28 percent, statistically unchanged since early May:

Percentage of Canadians who say they have lost work or been laid off due to COVID-19 over time



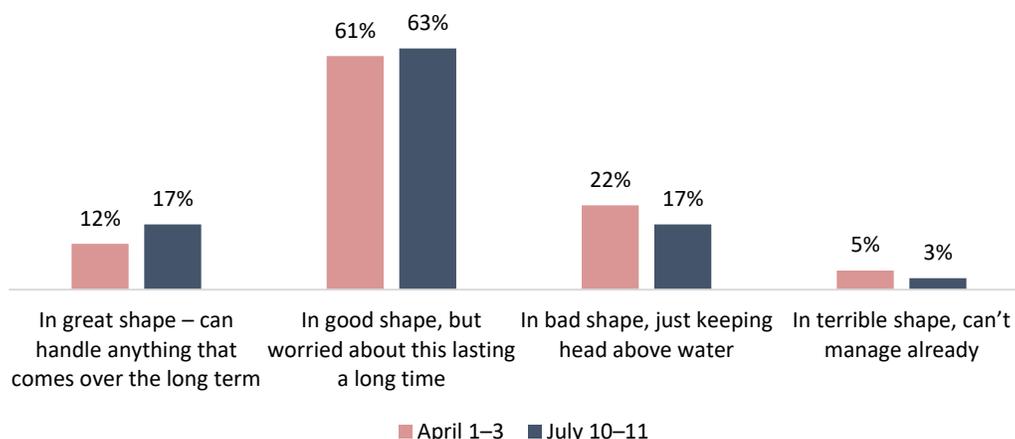
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Looking at this by age, younger workers appear to be slightly more affected by job loss related to COVID-19. Regionally, this number stays relatively consistent in all areas of the country except for Alberta, where two-in-five residents (40%) say they have lost work or been laid off as a result of the pandemic ([see detailed tables](#)).

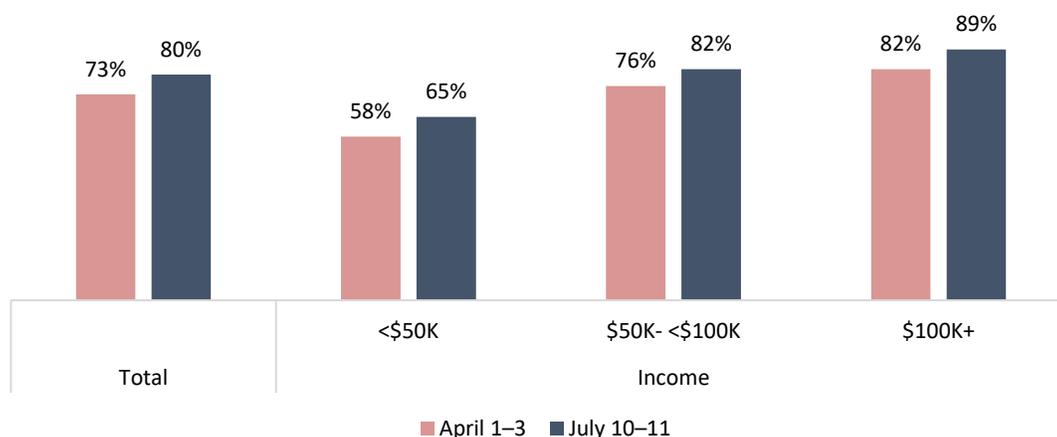
To this point, the impact of the COVID-19 pandemic on the vast majority of Canadians' personal finances thus far appears to have been minimal. Eight-in-ten (80%) now say their financial situation is in "great" or "good shape". This number has slightly increased in recent months, up seven points from early April (73%):

If you had to describe the overall impact of the COVID-19 outbreak on your personal financial situation, would you say you are...



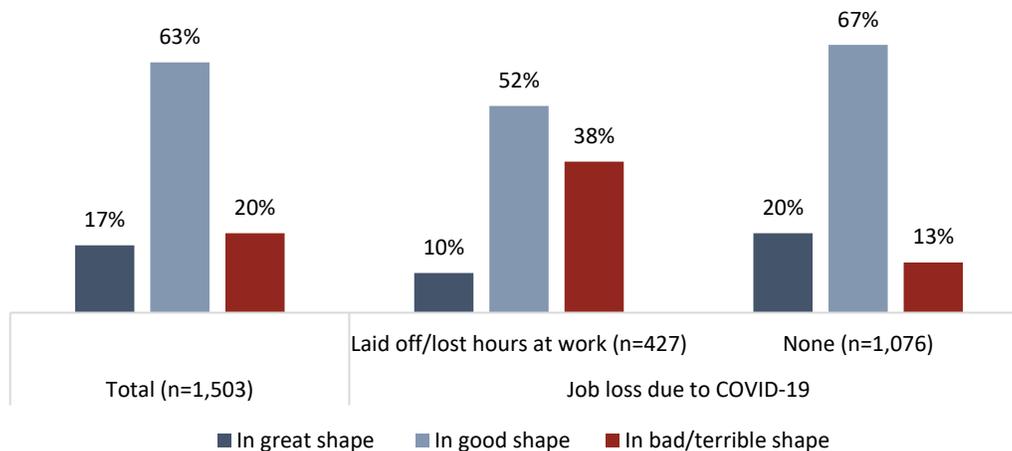
However, a closer look reveals considerable gaps between those from households earning less than \$50 thousand annually and those earning above that amount. That said, a majority of Canadians in each income group say their finances are fine, at least in the short term.

Percentage saying their personal financial situation is in "great" or "good shape" (April vs July)



Negative responses to this question are largely affected by employment status. Nearly two-in-five Canadians (38%) experiencing job loss describe their personal finances as “bad” or “terrible”, three times the amount of those still employed that say the same (13%):

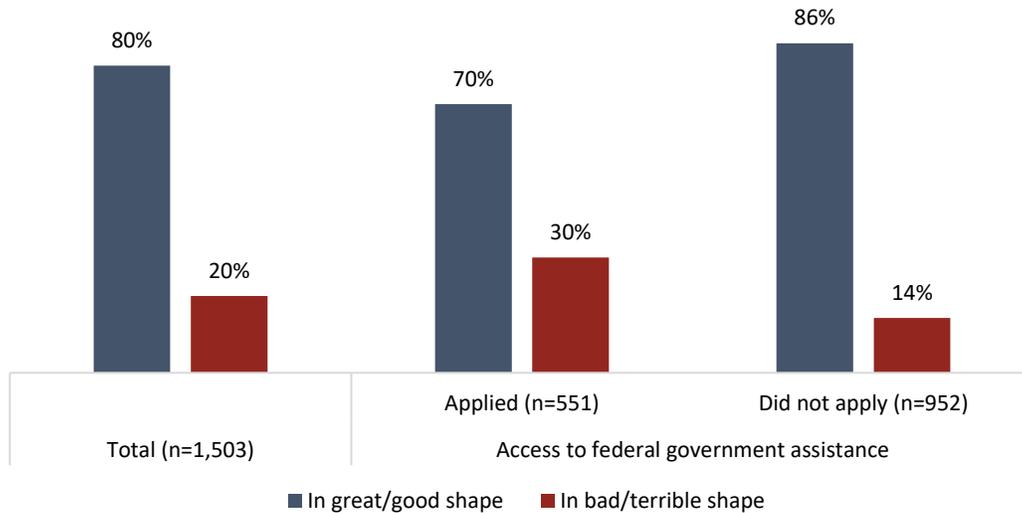
If you had to describe the overall impact of the COVID-19 outbreak on your personal financial situation would you say you are...



Three-in-ten CERB applicants still in bad or terrible shape

Financial assistance offered by the federal government has supported [more than eight million](#) Canadians suffering layoffs resulting from the COVID-19 pandemic. Indeed, seven-in-ten of those that have applied for government benefits say their personal finances remain in good shape, roughly the same number that say these programs are “vital” or “help a lot” ([see detailed tables](#)). Even with financial assistance, however, three-in-ten that have applied for this relief (30%) still say they are in bad shape financially:

If you had to describe the overall impact of the COVID-19 outbreak on your personal financial situation would you say you are...

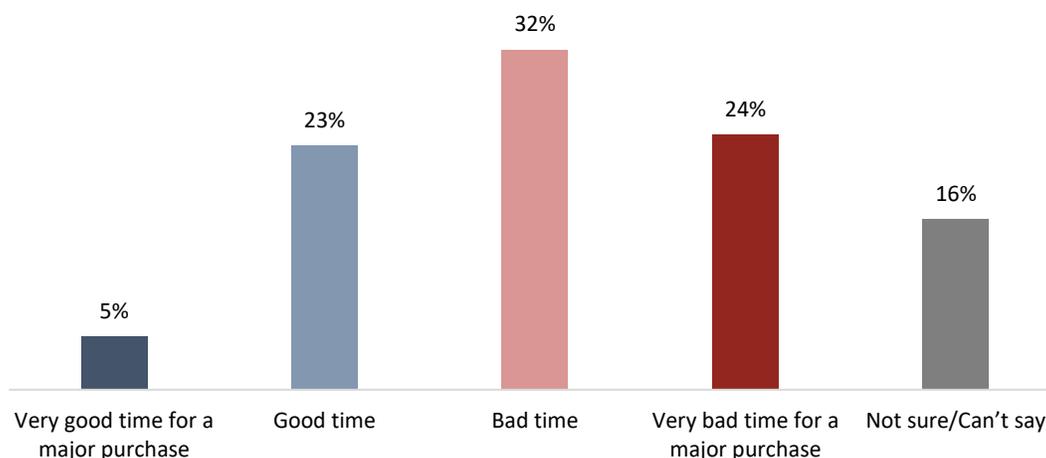


Part Two: Half say it's a bad time for a major purchase

The Bank of Canada recently announced that the Interest rate will stay near zero for a long time, in hopes to stimulate the economy through increased borrowing and investment. Yet, most Canadians appear not yet ready.

Asked whether the next year offers a good opportunity to make a major expenditure such as purchasing or renovating a home or buying a new car, just over half (56%) said it would be a bad time to do so.

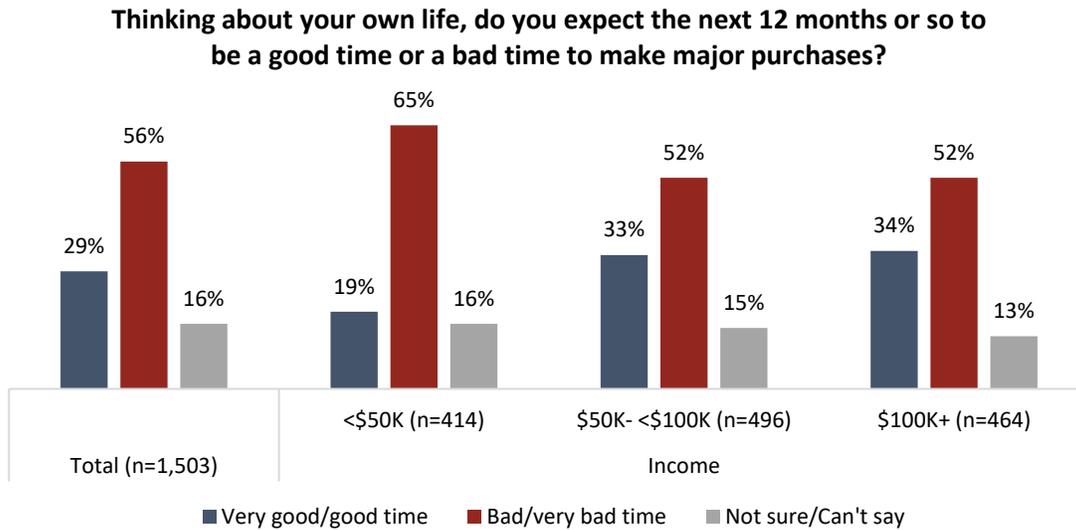
**Thinking about your own life, do you expect the next 12 months or so to be a good time or a bad time to make major purchases?
(All respondents, n=1,503)**



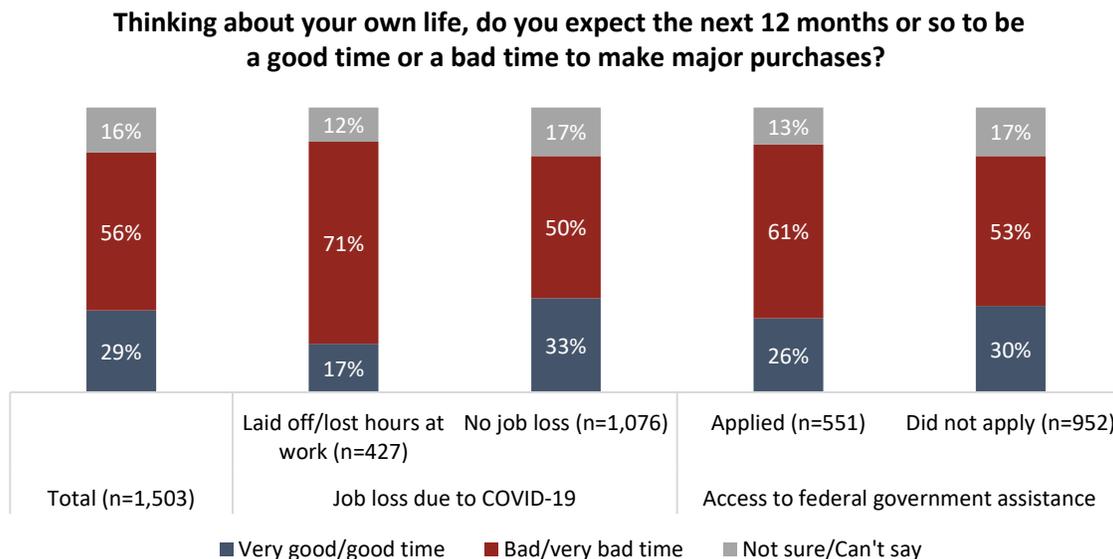
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Perhaps troublingly to businesses in Canada, at least half of residents across all income levels shun the notion that it would be a good time to make a major purchase. This rises to 65 per cent among those at lower income levels:



And while those hit hard by the pandemic are less likely to be comfortable making a major purchase, it is worth noting that there is little difference between those who have applied for the CERB and those who have not:



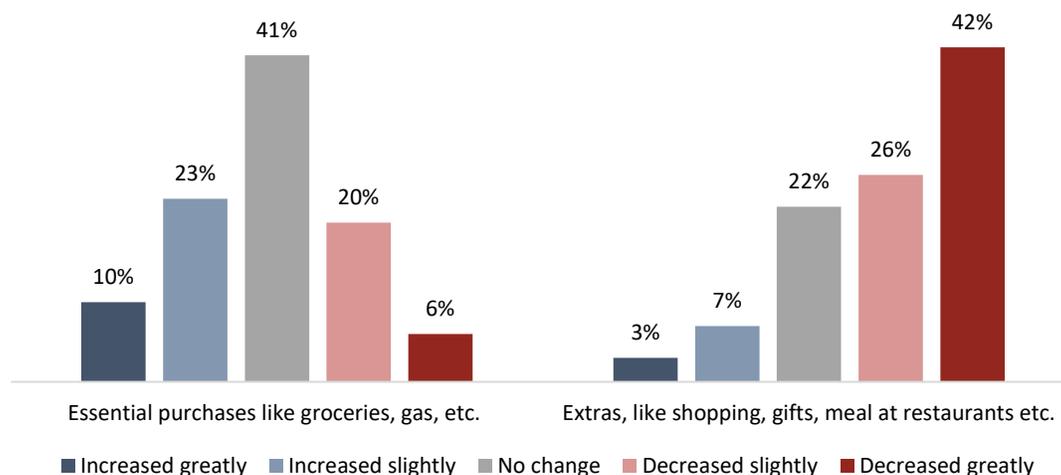
Part Three: Spending habits

According to the latest figures from the Bank of Canada, Canadians have [spent less money](#) and changed purchasing habits throughout the pandemic. In March, for instance, [sales of groceries and household items](#) surged as Canadians stocked up on necessities in preparation for shutdown measures.

As the majority of lockdown measures have ended across the country, at least for now, most either spent the same (41%) or a lesser amount (26%) on everyday items. However, a significant number (33%) are spending more on essentials such as groceries and gas over the past month.

When it comes to more frivolous spending, however, a clearer downward trend has emerged, with most (68%) spending less on non-essential items or “extras” such as gifts and restaurant meals:

**Thinking about the last month or so, have you cut back, increased, or not changed the amount that you have spent on each of the following:
(All respondents, n=1,503)**



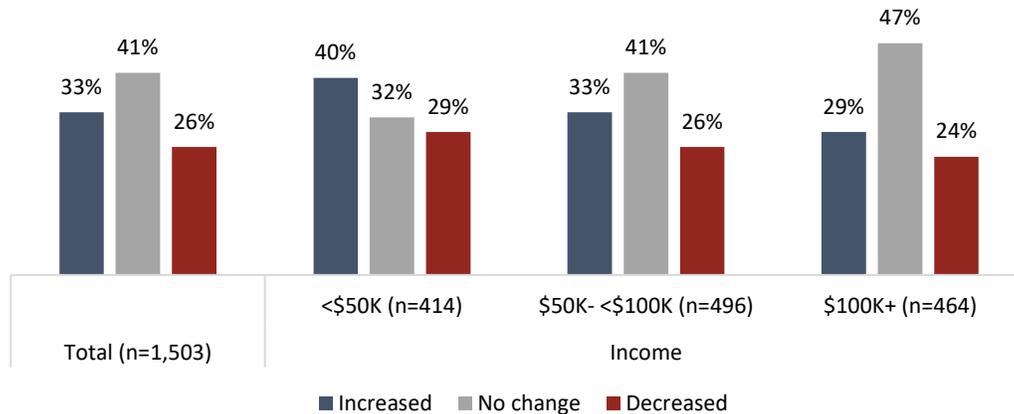
Lower-income Canadians increase spending on essentials but not extras

Although spending on extras varies little across income groups, with majorities spending less across the spectrum ([see detailed tables](#)), when it comes to buying essential items, lower-income households are more likely to say their spending has increased (40%), while the highest-income households are more likely to report no change:

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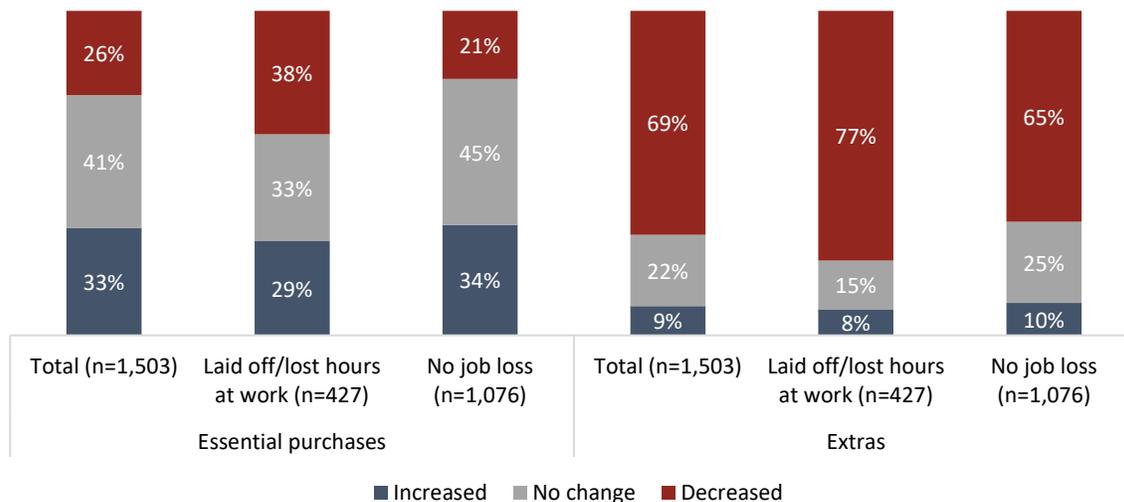
Thinking about the last month or so, have you cut back, increased, or not changed the amount that you have spent on essential purchases like groceries, gas, etc.?



Households with lost work more likely to have cut spending on essentials

Those who have lost work due to the pandemic are twice as likely to cut back spending on essentials. Further, nearly four-in-five also reduced the amount they spend on extras.

Thinking about the last month or so, have you cut back, increased, or not changed the amount that you have spent on each of the following?



For detailed results by age, gender, region, education, and other demographics, [click here](#).

For detailed results by job loss and access to government assistance, [click here](#).