

## Economic Outlook: COVID-19 stalls trend of growing financial optimism in Canada

*Low-income households least optimistic about coming year*

**September 8, 2020** – Canadians continue to re-enter the employment market (250 thousand more jobs were added across the country in August), but the negative impacts of the COVID-19 outbreak on personal finances and the economy have soured Canadians on their future financial outlook.

A new study from the non-profit Angus Reid Institute finds that a three-year trend of increasing optimism among Canadians about what the coming year holds for them financially has ended abruptly.

Indeed, since 2018, the number of Canadians saying their standard of living will improve over the next twelve months had nearly doubled – from 16 per cent to 30 per cent. This quarter, however, the proportion saying this has dropped by five points.

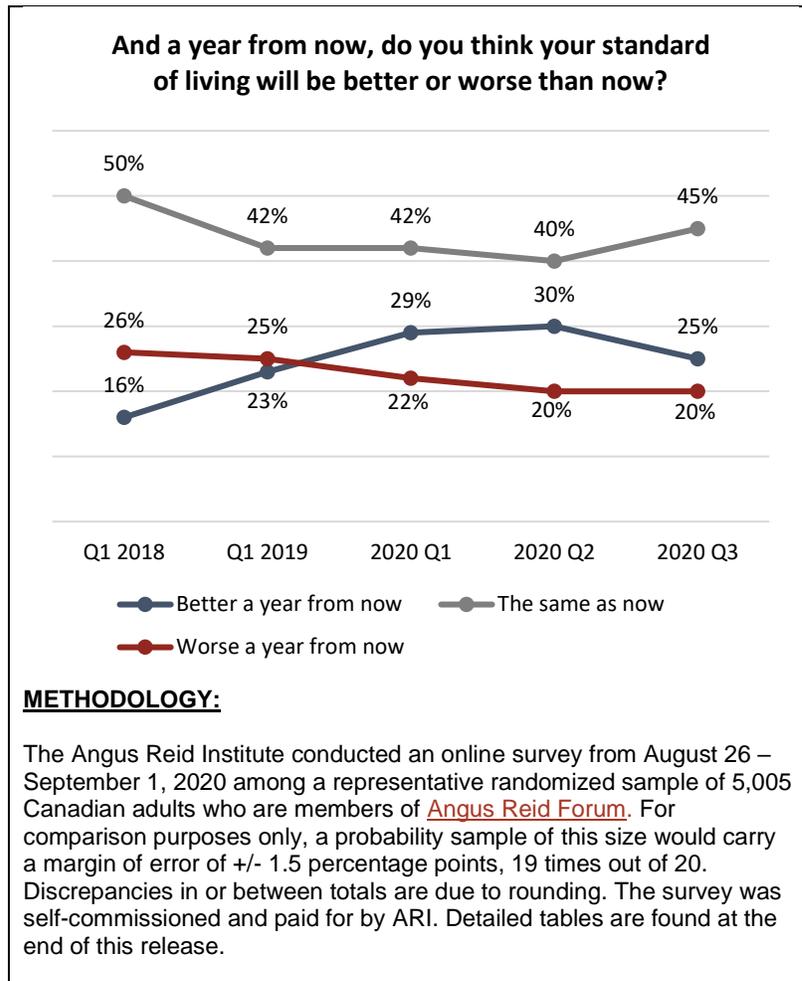
One-in-five (20%) anticipate a worsening of their financial condition over the coming year – rising to 26 per cent among those with household incomes below \$25 thousand per year.

These findings are made more troubling by the end of another trend. Since 2016, the proportion of Canadians saying they're financially better off now compared to twelve months prior had risen steadily year over year, from 12 per cent to twice that (24%) halfway through 2020.

This quarter, 17 per cent of Canadians say their economic fortunes improved over the last year while twice as many say it worsened (35%). The number of those negatively impacted rises to 51 per cent in Alberta and 47 per cent among those whose household incomes are less than \$25 thousand per year.

### More Key Findings:

- Among those who say they are worse off now than they were last year, fewer than one-in-five say they feel their conditions will improve over the course of the next 12 months



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- Alberta and Saskatchewan residents are most pessimistic about the coming year while people in Ontario and Quebec are most optimistic

**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.

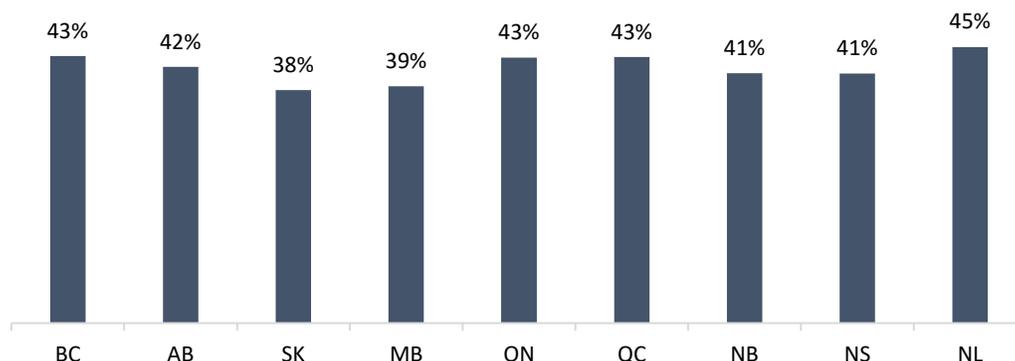
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**Bouncing back?**

Just how hard has coronavirus hit households economically? 8.7 million Canadians have applied for government financial assistance through the Canadian Emergency Response Benefit since the COVID-19 pandemic began. In fact, more than two-in-five working Canadians say they have applied for that program, which is scheduled to end September 26. Application levels are remarkably similar across the country:

**Total unique applicants as of August 30 as a proportion of labour force in February per province**



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Small and large business owners alike have felt helpless as they comply with provincial protocols to reduce the spread of COVID-19 at the expense of their financial well-being.

Six months into the outbreak, conditions are improving. The unemployment rate is dropping, down to 10.2 per cent after August job gains, from a height of 13.7 per cent in May.

Unemployment rate by province, seasonally adjusted (Source: StatsCan)				
Province	Feb-20	Apr-20	Jun-20	Aug-20
British Columbia	5.0%	11.5%	13.0%	10.7%
Alberta	7.2%	13.4%	15.5%	11.8%
Saskatchewan	6.2%	11.3%	11.6%	7.9%
Manitoba	5.0%	11.4%	10.1%	8.1%
Ontario	5.5%	11.3%	12.2%	10.6%
Quebec	4.5%	17.0%	10.7%	8.7%
New Brunswick	6.9%	13.2%	9.9%	9.4%
Nova Scotia	7.8%	12.0%	13.0%	10.3%
Newfoundland and Labrador	12.0%	16.0%	16.5%	13.1%

### One-third say worse off now than last year

Asked if their standard of living has improved or worsened since this time last year, just one-in-five Canadians (17%) say it has “improved” while twice as many say they are worse off now (35%). For 47 per cent, there has been no change either way.

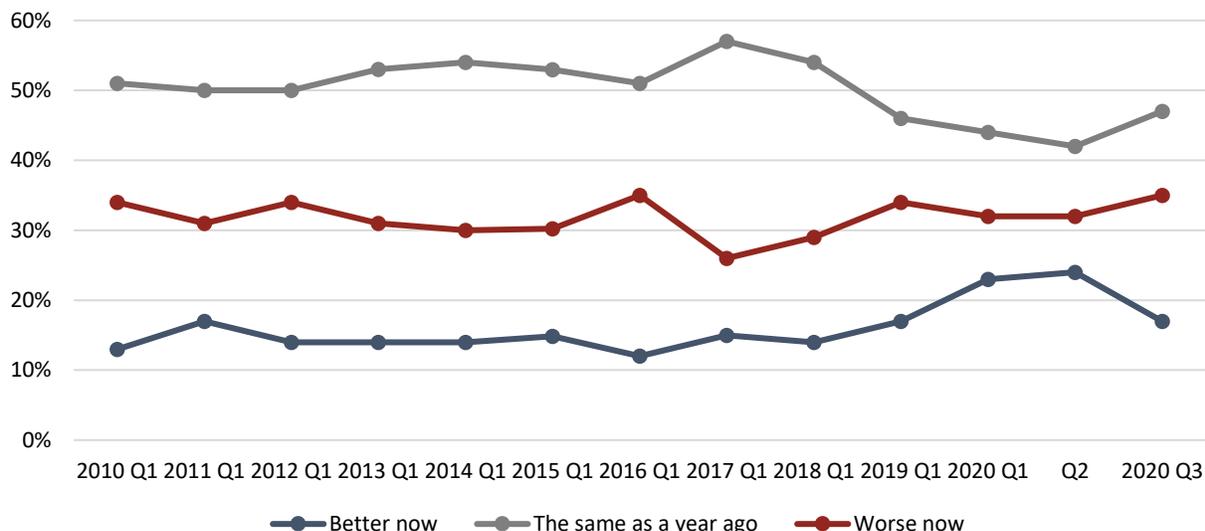
Positive responses to this question had been increasing slightly since 2016 and began to pick up steam in 2018 and 2019, rising nine points over that period. These new data have, however, put an end to that trend. The proportion of Canadians saying their quality of living improved over the past year has dropped seven points from where it stood at the beginning of 2020.

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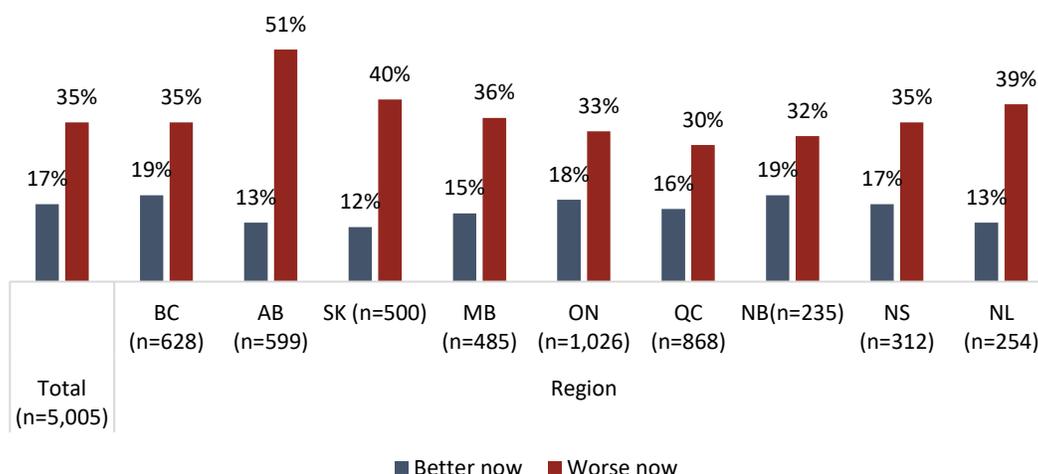
**All things considered, do you think your current standard of living is better or worse now than it was a year ago?**



**Regional assessment**

The percentage of Canadians whose financial fortunes have worsened over the past year is relatively consistent in most of the country. But the worst effects have evidently been felt in Alberta, where half of residents (51%) say they are worse off.

**All things considered, do you think you are financially better off or worse off than you were a year ago?**



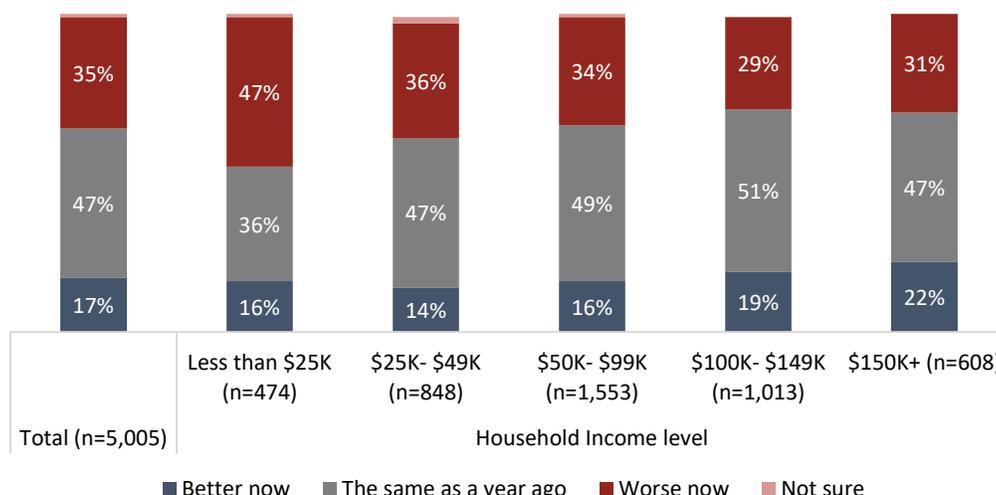
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**Lower-income households hit hardest**

The self-assessed deterioration in standard of living has been most acute among those least equipped to deal with it. Half (47%) of those with household incomes below \$25,000 per year say their standard of living has worsened. The impact has been felt across all income categories, though least in those earning \$150,000 per year or more:

**All things considered, do you think you are financially better off or worse off than you were a year ago?**



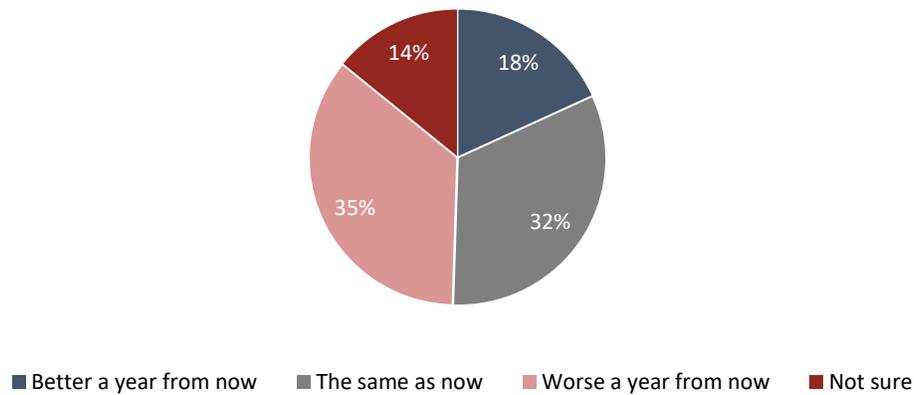
**Better off next year? One-in-five say “worse”**

Just how long the coronavirus will remain a lingering thought in the day-to-day psyche of Canadians remains to be seen, but it appears that few see their financial situation improving over the next 12 months. One-in-four (25%) say that they will be better off next September, while a similar number say they will be worse. Nearly half (45%) expect more of the same:

Perhaps most troubling, among those who say they are worse off now than they were last year, only 18 per cent say they feel their conditions will improve in the coming one:

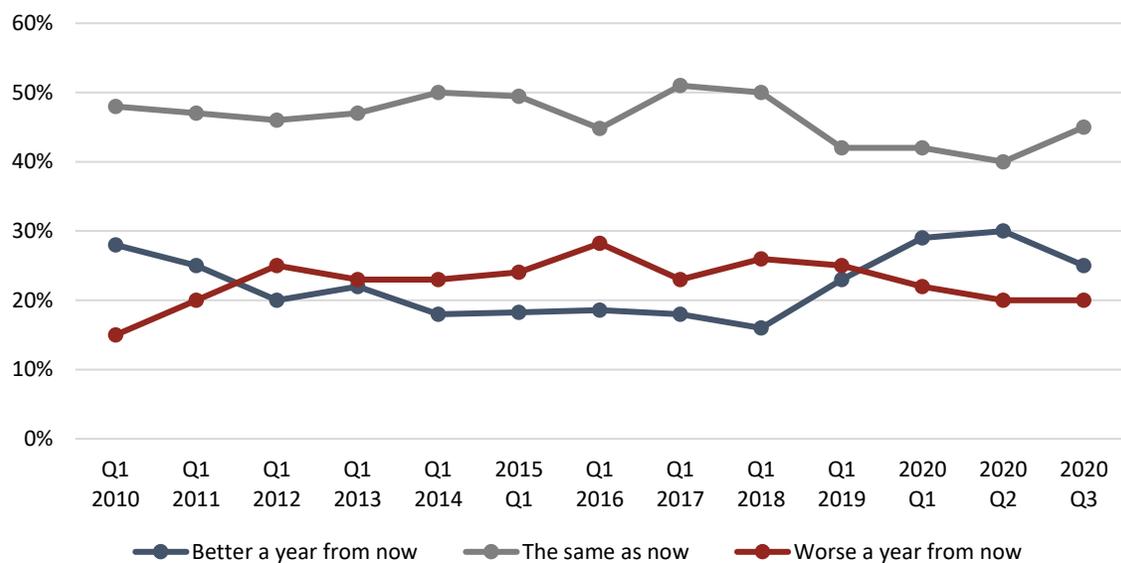
**Among those who say they are worse off now than they were last year  
(n=1,757)**

**Will you better better or worse off next year?**



If there is any good news within these data it is that optimism for the coming year continues to outpace pessimism. In fact, positive responses are higher than they were in 2019, while negative responses are lower. It is worth noting, however, that this may be because many Canadians are of the view that it cannot get much worse:

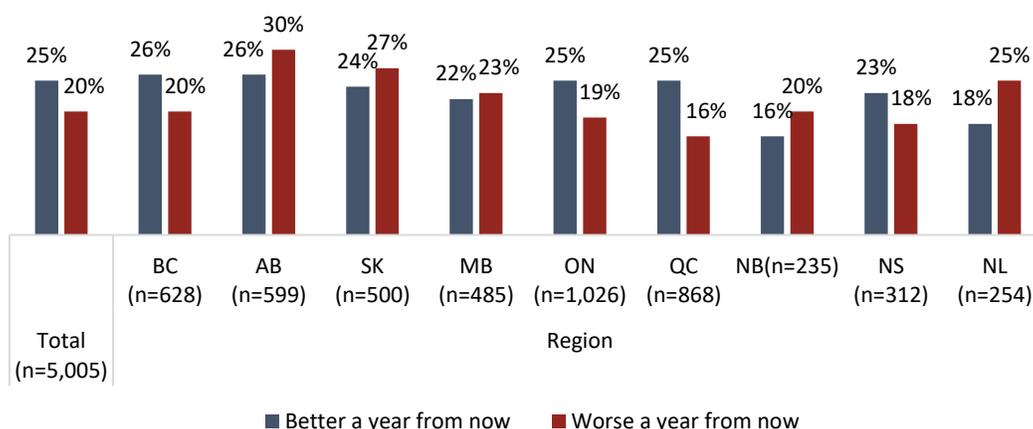
**And a year from now, do you think your standard of living will be better or worse than now?**



**Regional assessment**

Canadians in several regions of the country are more likely to say that they expect a similar standard of living next year compared to this one, but it is worth noting that those in Alberta, Saskatchewan, and Newfoundland and Labrador are most likely to predict the negative impacts will endure:

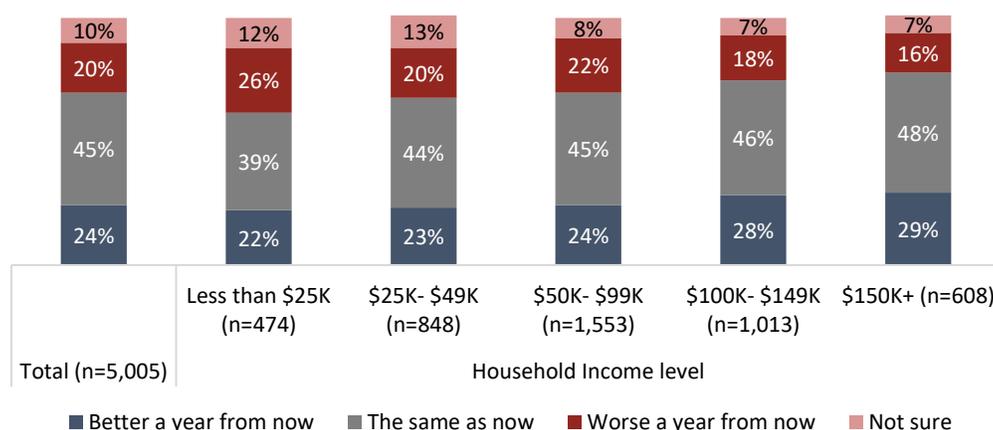
**And a year from now, do you think you will be financially better off or worse off than you are now?**



**Optimism higher among higher-income households**

Just as they are most likely to say they have been hurt financially over the past year, those with the lowest income levels are least likely to feel good about what the coming year holds:

**And a year from now, do you think you will be financially better off or worse off than you are now?**



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