

Inflation Nation: Canadians struggle with rising costs; lower-income households brace for worse in the months ahead

Canadians from lower income households far more likely to say they're worse off now than a year ago

June 17, 2021 – On the cusp of throwing off the shackles of a 16-month pandemic, Canadians are already being weighed down by a significant side effect of COVID-19: inflation. What's more, they expect the situation to worsen in the months ahead.

Nationally, the price for every component of the consumer price index (CPI) – which tracks the broad cost of living in Canada – rose 3.6 per cent compared to last year. Observers note that inflation remains within the Bank of Canada's [target range](#), but many Canadians are already feeling the financial pressure.

Now, a new study from the non-profit Angus Reid Institute finds Canadians already experiencing rising costs in day-to-day lives. More than nine-in-ten say over the past six months it has become more expensive for them to improve their home through renovations (96%), potentially purchase a new home (95%), fill up their tank with gas (93%) and buy groceries for their household (92%).

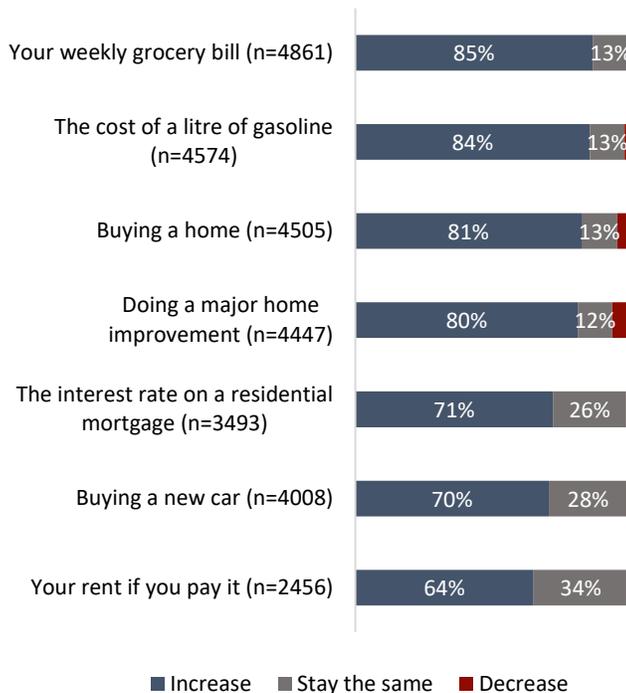
This, while 56 per cent of renters say their monthly cost has increased as well.

Overall, Canadians are much more likely to say they are worse off now than they were at this time 12 months ago (34%) than to say that they are better off (20%).

More Key Findings

- Nine-in-ten (92%) say their weekly grocery bill increased and nearly as many (85%) believe the cost of groceries will keep going up over the next six months.

In the coming six months do you expect the cost of the following to:



METHODOLOGY:

The Angus Reid Institute conducted an online survey from June 2 – 7, 2021 among a representative randomized sample of 4,948 Canadian adults who are members of [Angus Reid Forum](#). For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2.0 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding. The survey was self-commissioned and paid for by ARI. Detailed tables are found at the end of this release.

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- Residents of Alberta (45%) and Saskatchewan (43%) are the most likely to report being worse off than a year ago while those in Ontario (23%) and B.C. (22%) are the most likely to say they are better off.
- More than half of renters in Canada (56%) reported an increase to the amount they pay per month over the last six months. Virtually no one reported (1%) a decrease

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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Part One: The year past and the one ahead

One-in-three say they're worse off now than last year, one-in-five better

While the end of the COVID-19 pandemic — and the economic penalty imposed by health restrictions — is in sight, yo-yoing public health orders have caused significant job losses across the country. [Canada lost 68,000 jobs in May](#) as Statistics Canada reported a countrywide unemployment rate of 8.2 per cent.

The latest figures have the country about 571,100 jobs short of where it was in Feb. 2020, prior to the pandemic. Those that earn the least per hour were the hardest hit, according to a report by [CIBC Economics](#). Part-timers, temporary workers and the self-employed suffered the most, while [higher-income Canadians experienced job gains](#), which is very unusual during a recession according to the report.

The unexpected gains by the wealthy weren't limited to the job market. Homeowners have seen their values spike. According to [the Canadian Real Estate Association](#), the average sale price of a home increased by 31.6 per cent in March compared to a year earlier.

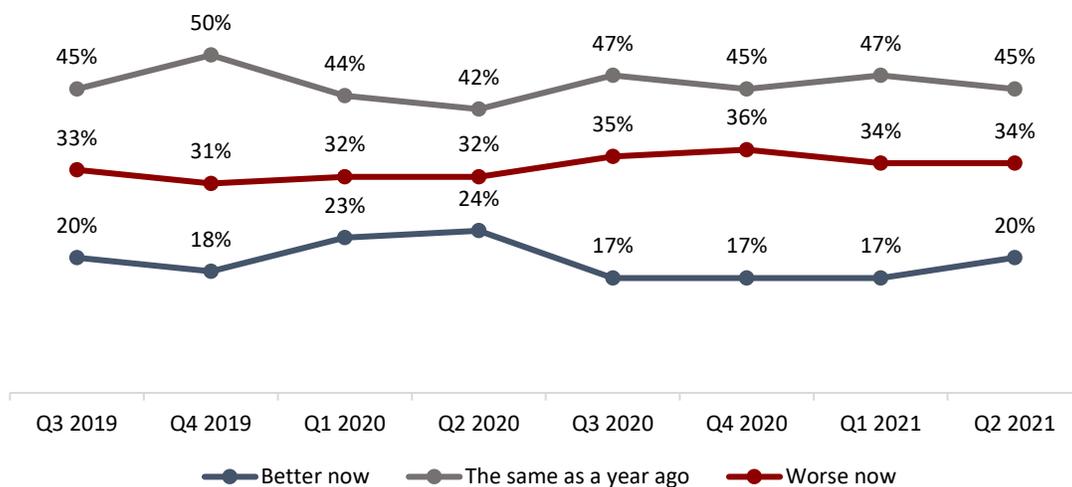
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Those holding other assets have come out of the pandemic smelling like roses as well. After a significant dip at the start of the pandemic to a low below 12,000 in March 2020, S&P/TSX Composite index has rebounded to closing over 20,000 this month for the first time ever.

With all these factors in flux, for the first time since before the pandemic (and perhaps driven by those holding assets like homes and stocks), those that say they are better off than a year ago has risen slightly, to 20 per cent. Most (45%) say their financial situation is no better nor worse than it was twelve months ago. Fully one-third (34%) say they are worse off than last year:

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



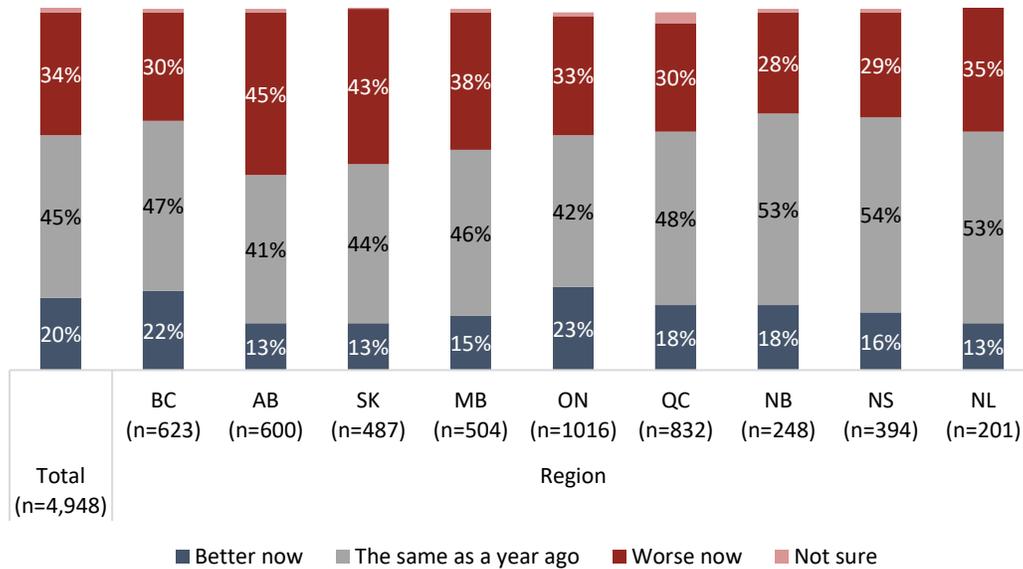
Worst effects felt in Alberta, Saskatchewan

Regionally, this is most keenly felt in Alberta and Saskatchewan, provinces most heavily dependent economically on the oil and gas sector. Prior to the pandemic, it was already being hit hard by a price war between Saudi Arabia and Russia that drove the cost of a barrel of West Texas Intermediate to \$31.13 on March 9, 2020. Then came reduced demand global due to COVID-19. The most recent blow, last week's news that TC Energy was officially and permanently ending its bid to build the Keystone XL pipeline, 13 years after it was first proposed. The Alberta government agreed last year to invest more than a billion dollars in the project to keep it going, plus billions more in loan guarantees. The final bill to Alberta taxpayers will be some \$1.3 billion for a project that is now dead.

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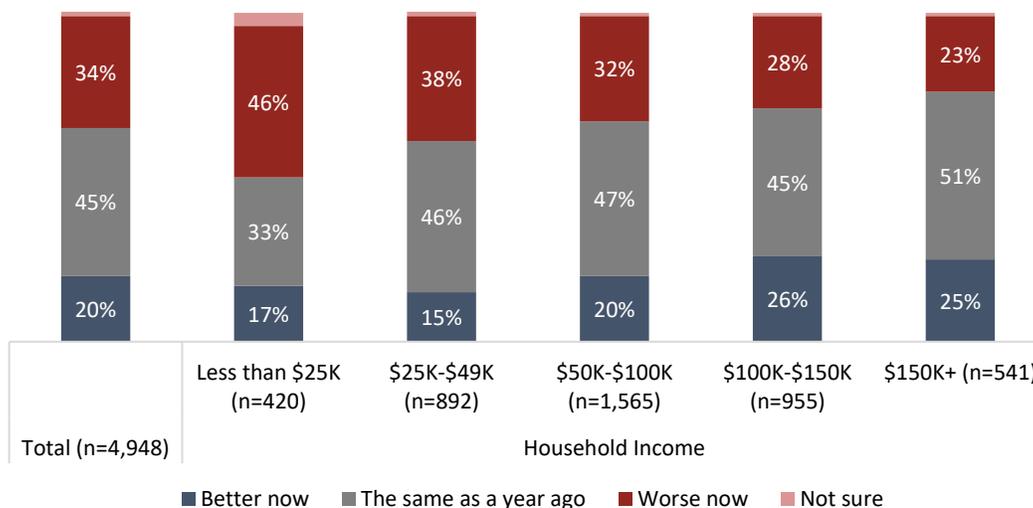
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Please note that data from PEI is not included due to small sample sizes.

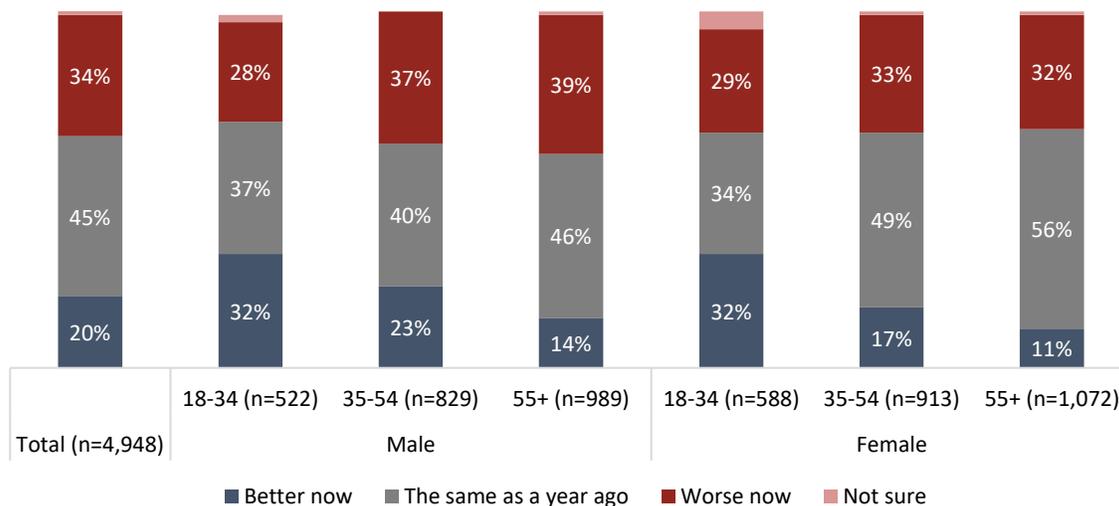
The economic effects of the last twelve months of the pandemic have been felt most acutely by those in lower income brackets. Those with household incomes of less than \$25,000 annually (46%) are twice as likely to say they are worse off now than a year ago than those in the highest income brackets (23%):

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



And while household income may often correlate with age, it is notable that the youngest Canadian adults who are most likely to report being both better off *and* worse off compared to the year before. By contrast – those over the age of 35 are far more likely to say they are worse off than doing better:

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



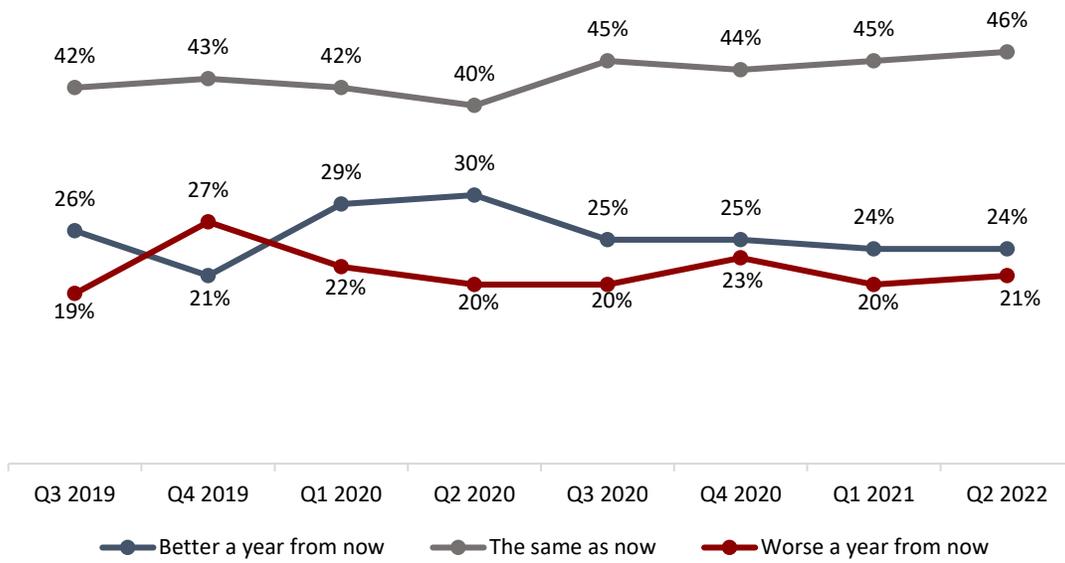
What about the year ahead?

Canadian outlooks on personal financial futures have stayed stagnant throughout the pandemic, with one-quarter (24%) saying they expect to be better off a year from now and one-in-five (21%) saying they expect to be worse, nearly identical to the figures from the previous three quarters:

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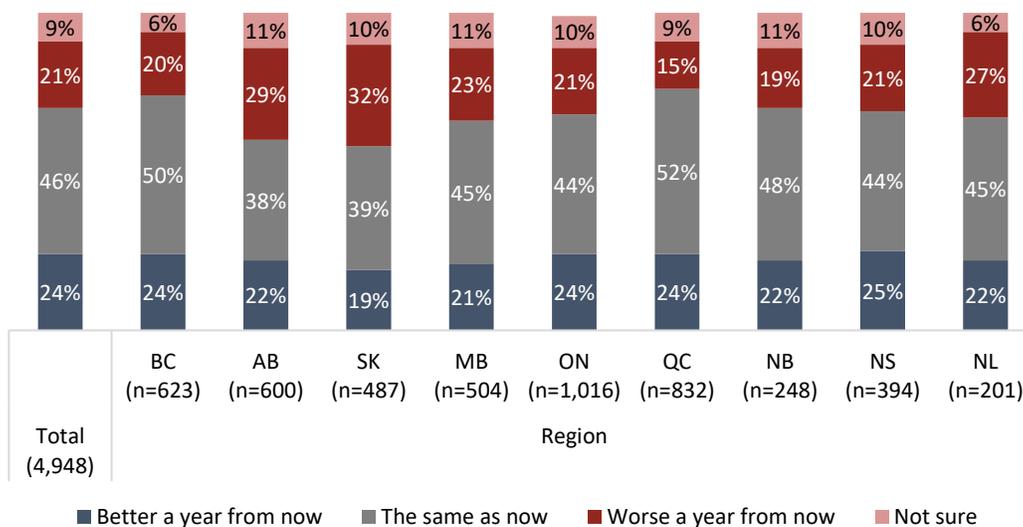
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And a year from now, do you think you will be financially better off or worse off than you are now? (All respondents)



Across the country, the prairies and Newfoundland and Labrador are home to the most pessimistic Canadians. Three-in-10 of those in Alberta (29%) and Saskatchewan (32%) believe they will be worse off a year from now. More than one-quarter (27%) in Canada’s eastern most province hold a grim view of the year ahead, while in neighbouring Nova Scotia, the outlook is brightest. One-in-four in that province expect to be better off this time next year:

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



Please note that data from PEI is not included due to small sample sizes.

Low-income households have less hope

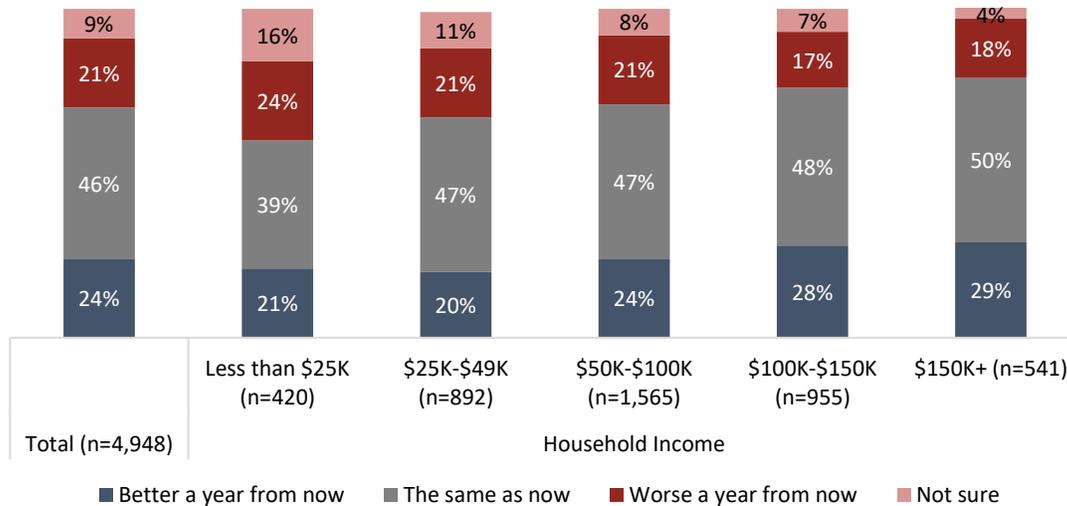
Households in Canada’s lowest income brackets don’t see clouds parting on the horizon. As pandemic-era benefits move towards sunset, those most likely to receive CERB, [according to Statistics Canada](#) – face the uncertainty of re-entering a changed job market in which low-wage workers [bore the brunt](#) of the job losses.

Perhaps unsurprisingly, households earning less than \$25,000 annually are the most likely (24%) to believe they will be worse off a year down the road, while those in households making \$25,000 to \$50,000 annually are the least likely (20%) to believe things will get better. On the other end of the wealth spectrum, those in six-figure households are the most optimistic about their financial future:

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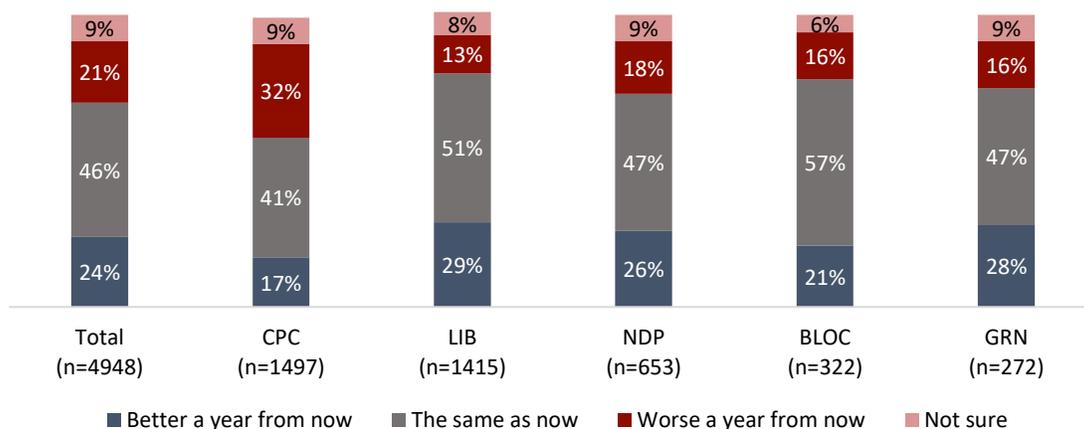
And a year from now, do you think you will be financially better off or worse off than you are now?



Political leanings affect outlook too

This outlook manifests to a certain extent along partisan lines. Those who voted for the Conservative Party in the last federal election are the most likely to report that they believe they will be worse off in a year's time (32%). As for Liberal voters, they are not only the least likely to report the same fear (13%), but they are also the most optimistic about their prospects in the coming year (29%).

A year from now, do you think you will be financially better or worse off than you are now? (All respondents)



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Part Two: No relief from rising prices

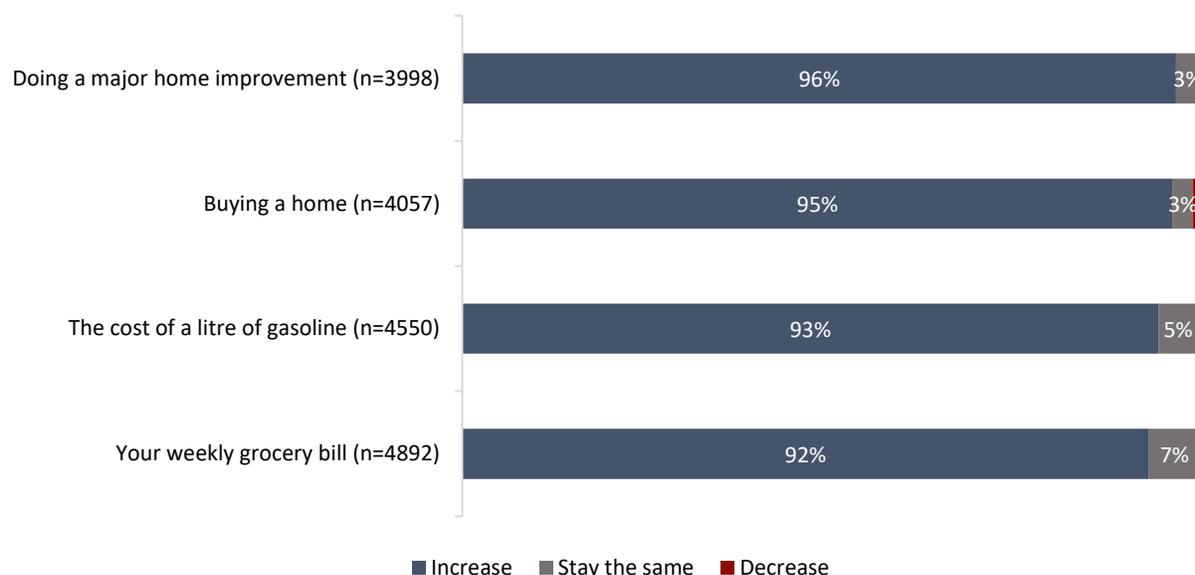
Statistics Canada's most recent consumer price index [report](#) shows people in this country are paying 3.6 per cent more for staples than they were this time last May. It represents the largest yearly increase in a decade, and it is a near-universal experience for Canadians.

Whether it has been the squeeze of trying to fill a grocery cart with food that is ever more expensive, or a tank of gas that won't take them as far as it used to, these new ARI data reveal that near-unanimous majorities report feeling pressured at the cash register on all manner of expenses, from the core basics to the extras.

[Related Research: Amid Rising Food Costs, Half of Low-Income Households say new Canada Food Guide diet is unaffordable](#)

Confined to their houses or apartments over the past year, a precipitous rise in the cost of renovations hit many close to home. Driven in part by [lumber shortages and supply chain disruptions](#), almost every single respondent who undertook some form of home improvement, or considered it, reported increased costs:

Over the last six months, have you noticed the cost of the following: (Responses excluding 'Don't Know/Not Applicable')



Consider that at least 91 per cent of residents in every region (and with an awareness of prices) reported that the cost of their weekly grocery bill rose and that an even higher number said the same about the cost of gasoline (93%).

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When it comes to putting concrete numbers to these increases, the [Food Price Report](#) released in early 2021 predicted that families can expect to add \$695 to their annual food bill – one of the most staggering surges in the 11-year history of the report.

In the last six months, please tell us whether you have noticed if the cost of each of the following have increased, decreased, or stayed the same in your community where you live. (Responses excluding 'Don't Know/Not Applicable')										
	Total	Region								
		BC	AB	SK	MB	ON	QC	NB	NS	NL
Doing a major home improvement/renovation project etc.	96%	96%	96%	98%	97%	95%	95%	98%	98%	97%
Buying a home	95%	97%	87%	87%	96%	97%	97%	99%	97%	83%
The cost of a litre of gasoline	93%	94%	96%	97%	97%	94%	89%	96%	95%	98%
Your weekly grocery bill	92%	91%	91%	92%	93%	92%	93%	95%	93%	92%

Among those who considered buying a car, 72 per cent noted that prices had increased (see detailed tables). The rising price of cars was partially fuelled by a [global shortage in semiconductors](#) which short-circuited the automobile industry and which contributed to the limited availability of certain models.

Rising rent, home purchase costs deepen financial stress

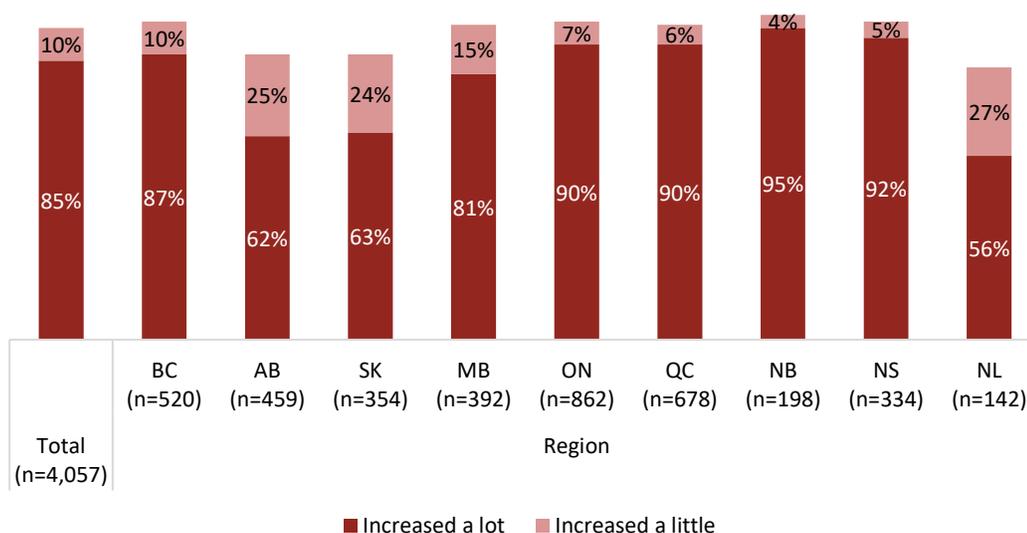
The ebullient housing market is being in part enabled by record low interest rates. In an effort to offset the dampening effect of the third wave of the pandemic, the Bank of Canada [recently decided](#) to keep its benchmark interest rate steady at the record-low of 0.25 per cent. This access to cheap money, combined with the collective cabin fever which gripped households across the nation, resurrected the perennial debate about the price of real estate and pushed many Canadians to consider purchasing a larger home.

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This is true across Canada with at least 83 per cent of residents (who reported an awareness of the real estate market) in every region of the country saying that housing prices in their community rose over the past six months.

**Percentage saying housing costs have risen in their community
(Responses excluding 'Don't Know/Not Applicable')**

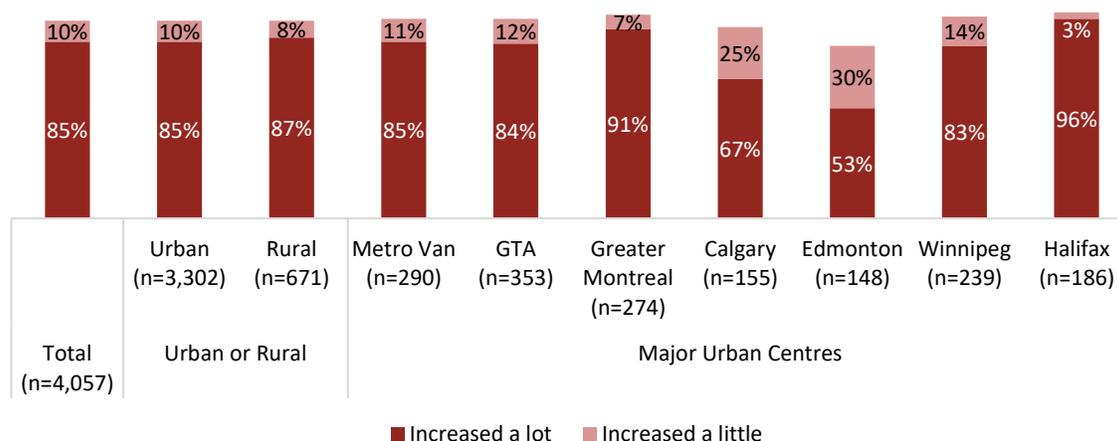


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It hasn't only been super-majorities among those living in the already-churning real estate markets of Metro Vancouver and the GTA who report housing costs rising "a lot" (85% and 84% do, respectively), but also those in markets who are newer to the phenomena of overheating. Perhaps lured by the prospect of lower prices and more space (or targeted [advertising campaigns](#) such as the one released by Work From Nova Scotia), many prospective buyers are searching further afield. Indeed, those in Greater Montreal and Halifax report the most intense increases in the country:

[Related Research: To Have & Have Not: Canadians take sides on housing market, divided in desire for home prices to rise, or tank](#)

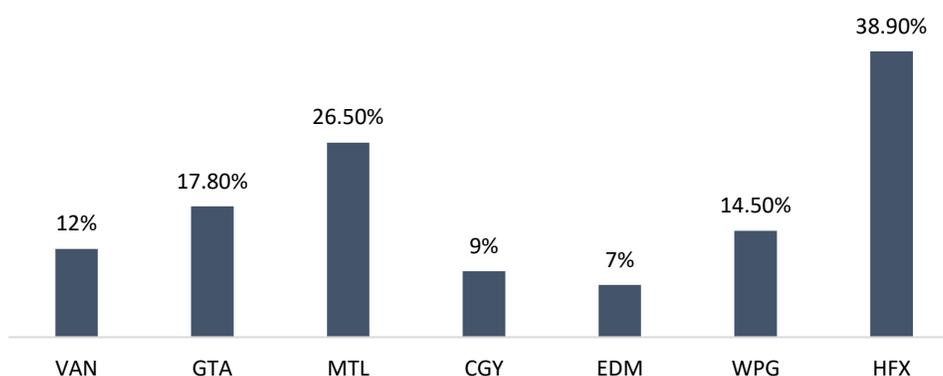
**Percentage saying housing costs have risen in their community
(Responses excluding 'Don't Know/Not Applicable')**



Please note that data from other cities are not included due to small sample sizes.

The perceptions of respondents match empirical data. According to the [Canadian Real Estate Association \(CREA\)](#), rising prices have been particularly precipitous in cities such as Halifax and Montreal which entered the pandemic as relatively inexpensive when compared to the sky-high prices found in Vancouver and Toronto.

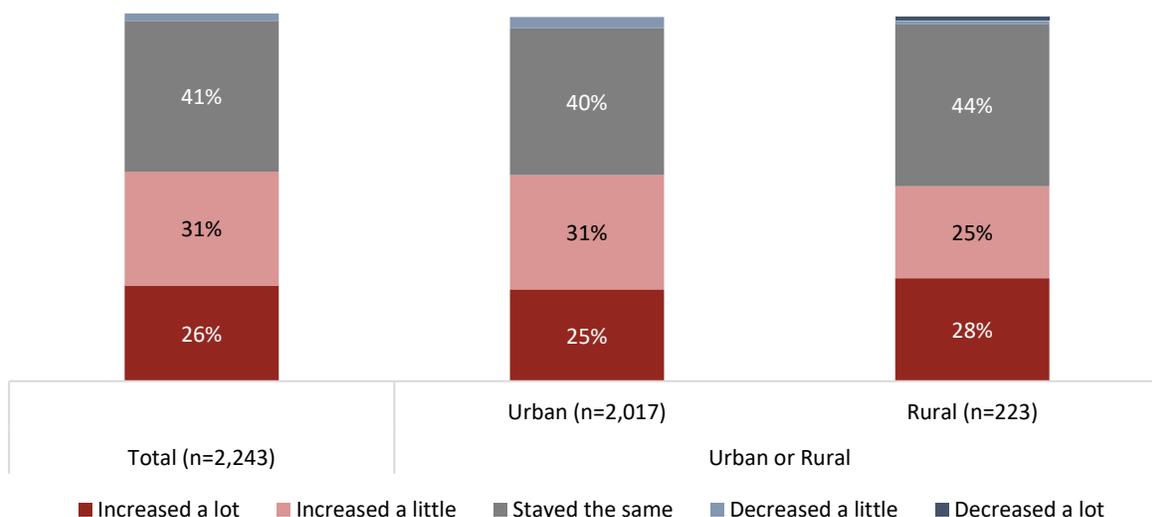
**Year over year increase in price
(Source: CREA)**



Among those currently renting, more than half (56%) reported an increase in that key monthly cost in the past six months. Rent increases were not confined to urban areas but were also felt in rural communities. Of particular note, almost *no one in the country* reported their rents decreasing:

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**Percentage saying the cost of rent has risen in their community over past six months
(Responses excluding 'Don't Know/Not Applicable')**

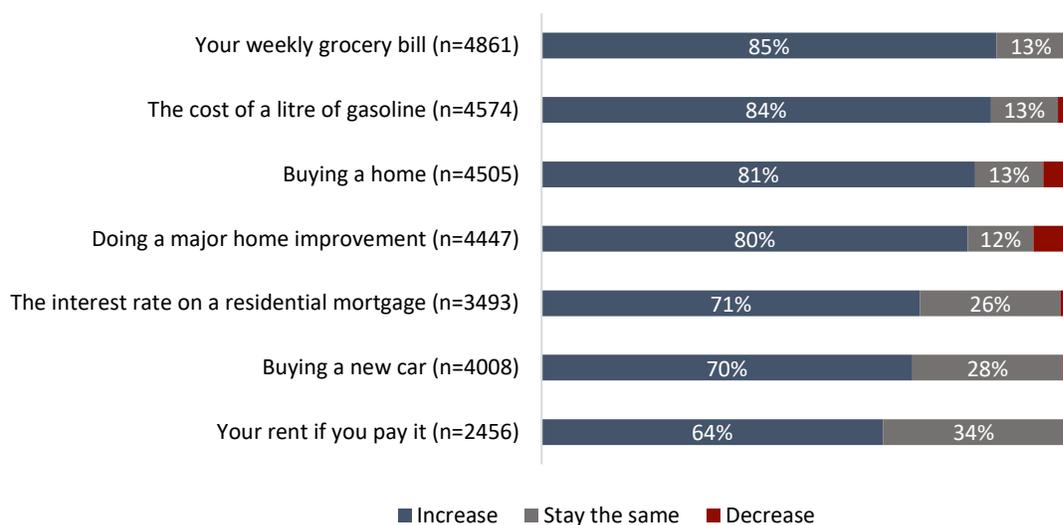


Expectations for next six months

While an economic recovery may have the spirits of many people rising across the country, few Canadians have any expectation that the rise in prices will level off or drop over the next six months.

More than four-in-five (85%) say that they expect groceries in their community to continue to become more expensive, while nearly the same number say this of gasoline (84%). Four-in-five also expect little relief from rising housing costs.

In the coming six months do you expect the cost of the following to:



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

For detailed results by fine income level [click here.](#)

For results by urban, rural and major city [click here.](#)

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