

Highest inflation rates in forty years have Canadians tightening belts, bracing for more financial turbulence

Amidst skyrocketing costs of living and housing, mistrust towards Bank of Canada rises, too

June 24, 2022 – 1983 in Canada was notable for, among other things, the first time Canadians celebrated Canada Day instead of Dominion Day, Canadian band Loverboy [cracking the top 100](#) domestically with “Hot Girls in Love” and the [Edmonton Oilers’ loss](#) to the New York Islanders for Stanley Cup supremacy. It was also the last time the inflation rate in Canada was as high as it is today, [39 years later](#).

A new study from the non-profit Angus Reid Institute finds overall, 45 per cent say they are worse off now than they were at this time last year, the highest level in at least 12 years. Asked about the year ahead, one-third expect even worse – also the highest number in over a decade.

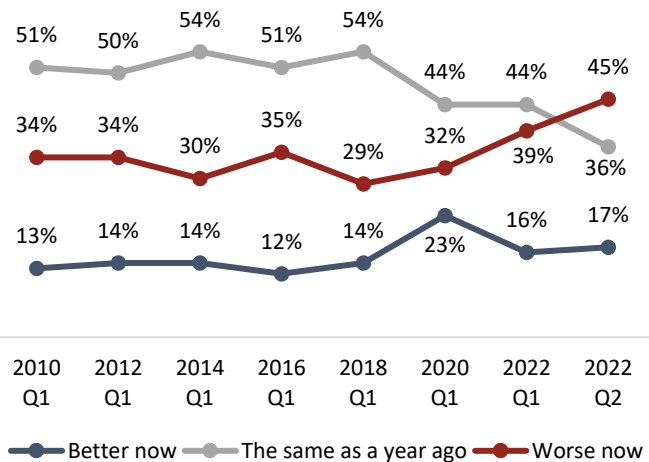
Individual factors are contributing to these financial challenges. Half of Canadians say it is a challenge to afford their household grocery bill – a seven-point increase since last October.

One-in-three say their expenditure on gas has increased over the past month, while nearly half say it has decreased as they use alternative transportation to save.

Homeowners are bracing for more pain. After a series of interest rate increases by the Bank of Canada, one-in-five (22%) Canadians with a mortgage say their payments have increased, while fully half (53%) say they expect this will happen.

Just how much could Canadian homeowners endure? While just over one-third (35%) say they couldn't handle without difficulty a monthly increase of \$150, should that increase double to \$300 a month, two-thirds (66%) say they would have to make major changes, or could simply not afford it.

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



METHODOLOGY:

The Angus Reid Institute conducted an online survey from June 7-13, 2022 among a representative randomized sample of 5,032 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 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.

A second online survey was conducted by the Angus Reid Group from May 19-24, 2022 among a representative randomized sample of 1,530 Canadian adults who are members of the Angus Reid Forum. For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2.5 percentage points, 19 times out of 20. The survey was self-commissioned and paid for by ARG.

Detailed tables are found at the end of this release.

CONTACT:

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

Amid all of this, the Bank of Canada plays a significant role in setting policy to cool inflation while avoiding a recession. For Canadians, confidence in that institution is shaky. Nearly half (46%) say they trust the BoC to fulfill its mandate adequately, while almost the same number disagree (41%). Past Conservative (59%) and PPC (86%) supporters are particularly critical – more than half of each say they do not trust the bank.

More Key Findings:

- Renters are also having a difficult time. Half (52%) say affording their rent is tough or very difficult. One-in-three (32%) homeowners feel this way about their own mortgage payments.
- Two-in-five Canadians (38%) say they have credit card debt – rising to 62 per cent among those who are Struggling on the ARI Economic Stress Index. Among this group, three-in-five (58%) say it will take them more than a year to pay this off
- Three-quarters say their province has done a poor job of handling inflation (77%).

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.*

Note: Because its small population precludes drawing discrete samples over multiple waves, data on Prince Edward Island is not released.

Part One: Economic optimism

- Financial challenges growing
- Optimism fading
- Cost of living dwarfs most other priorities
- Economic Stress Index

Part Two: Household budget busters

- Groceries and gas

Part Three: Credit crunch

- Two-in-five have credit card debt

Part Four: Housing costs

- Are homeowners prepared for interest rate increase?

Part Five: Institutional confidence is lacking

CONTACT:

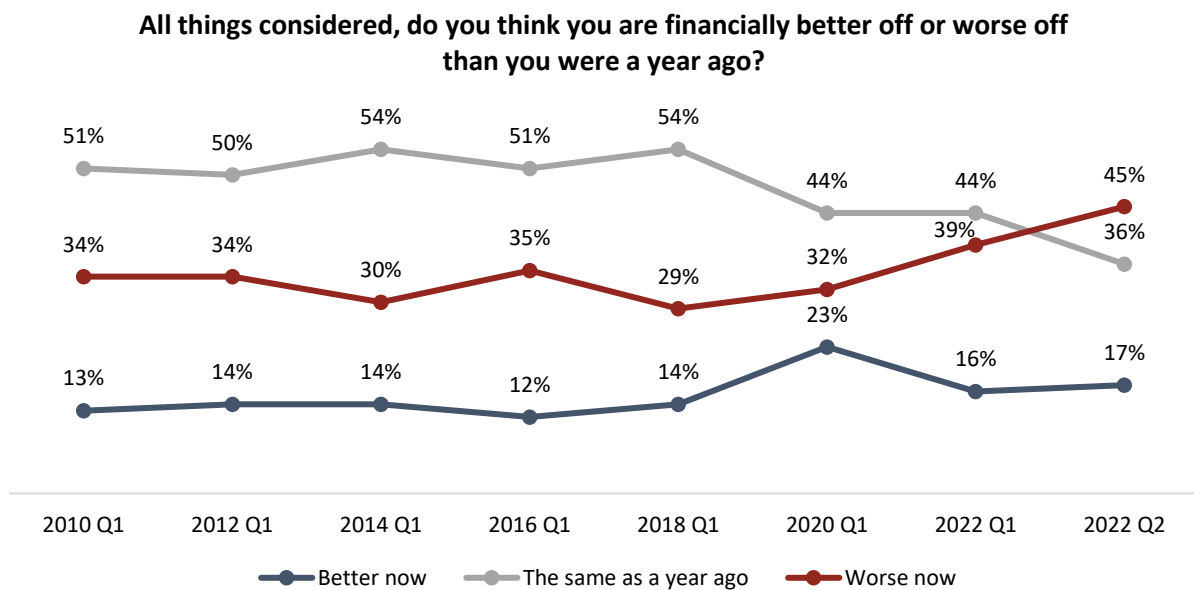
Shachi Kurl, President: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
Dave Korzinski, Research Director: 250.899.0821 dave.korzinski@angusreid.org

- Provincial governments panned on inflation
- Fewer than half have faith in Bank of Canada

Part One: Economic optimism

Financial challenges growing

From groceries, to housing, to gasoline, few Canadians have been able to avoid the impacts of the highest inflationary pressure many have seen in their lifetimes. Indeed, inflation is now reported at 7.7%, a level unseen since 1983. In the face of this, more Canadians now say they are financially worse off now compared to a year ago than any time in ARI's tracking – which extends back to 2010:

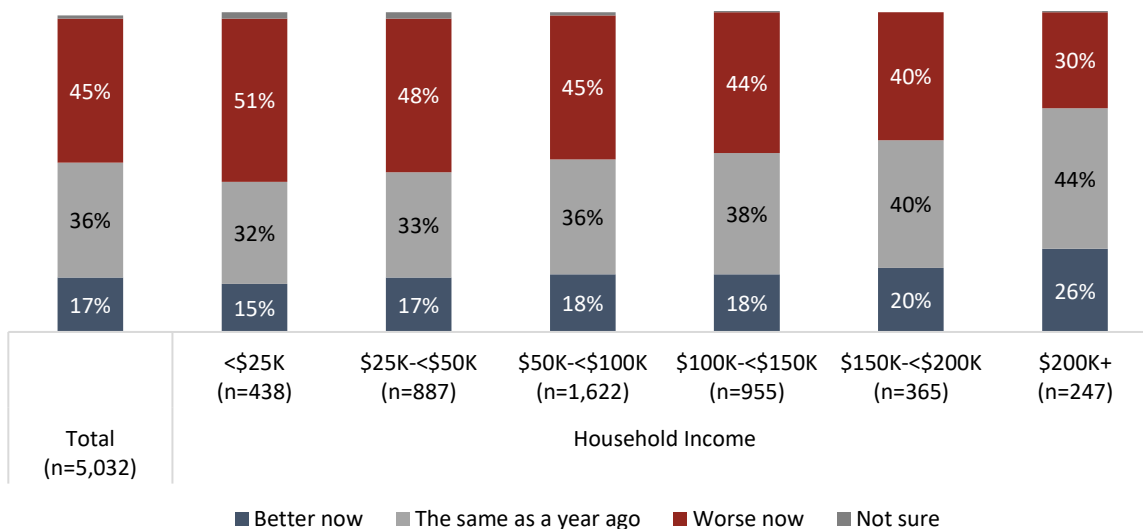


These effects are not uniform, however. With the cost of so many staple goods rising, the regressive element of rising prices is clear. Those who are least equipped to endure an increase in their monthly budget are feeling it most:

CONTACT:

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

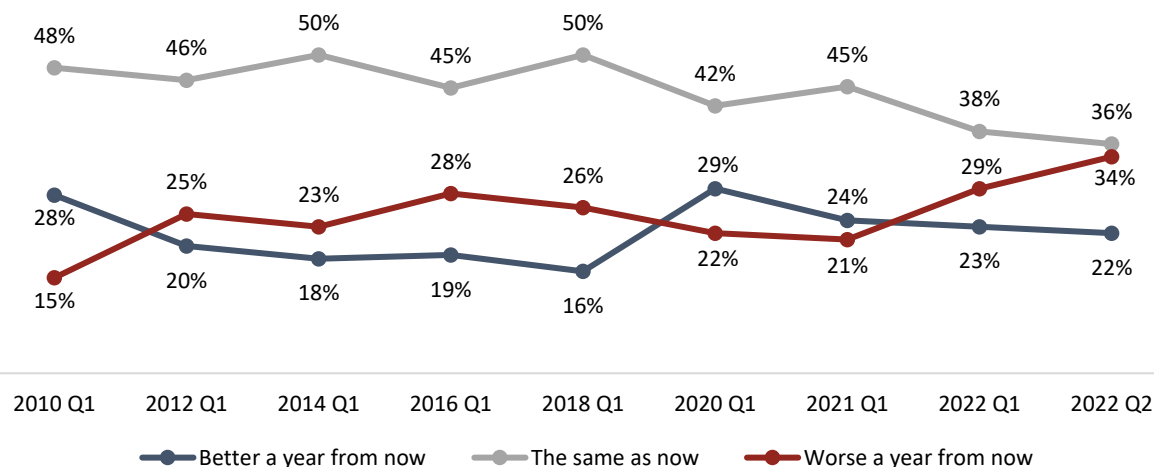
All things considered, do you think you are financially better off or worse off than you were a year ago?



Optimism fading

Looking ahead to the coming year, a similar trend is emerging: many Canadians expect more pain to come. One-in-three (34%) say they will be worse off at this time next year, while one-in-five (22%) expect things to turn around:

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



Residents in Saskatchewan voice the most pessimism and least optimism on this question, while every part of the country leans more toward pessimism than optimism currently ([see detailed tables](#)).

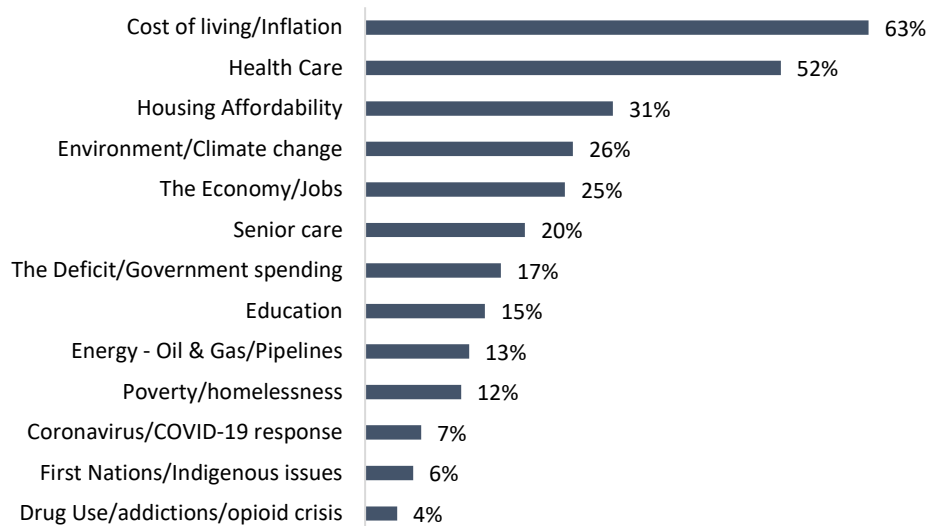
CONTACT:

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

Cost of living dwarfs most other priorities

With all this in mind, Canadians are more concerned about inflation than other pressing issues. Three-in-five (63%) select cost of living as a top provincial issue, ahead of health care (52%), housing affordability (31%), climate change (26%) and jobs (25%):

**Top provincial issues
(Up to three chosen; all respondents, n=5,032)**

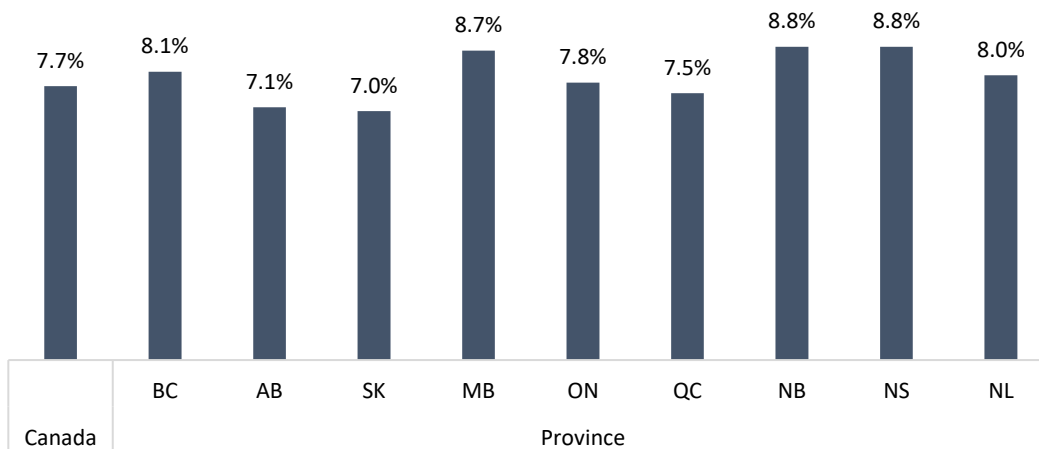


Some regions of the country are under more economic stress than others. In Atlantic Canada, the cost of living was already higher than most other parts of the country last year. And Newfoundland and Labrador, Nova Scotia, and New Brunswick have experienced higher rates of inflation than other provinces, alongside Manitoba and British Columbia.

CONTACT:

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

**Year over year CPI inflation, May
(Statistics Canada)**



Economic Stress Index

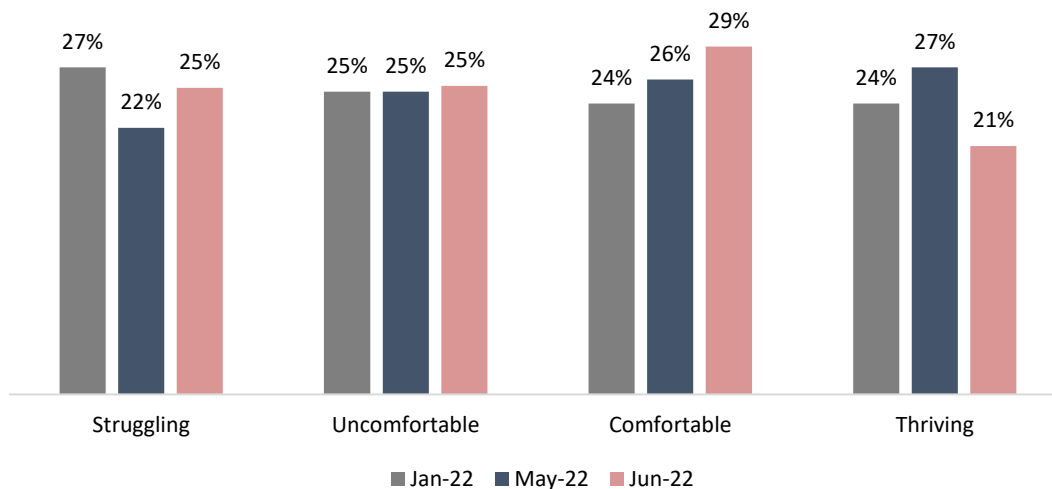
To measure the economic pressure on Canadians during this tumultuous economic time, ARI created the Economic Stress Index in January. The index analyzes a number of core variables involving relative levels of concern over debt, housing costs, and household food costs, as well as respondents' self-appraisal of the effect of the past 12 months on their finances as well as the year to come.

As prices around them have risen, the percentage of Canadians who are Thriving has dropped – six points since May – and the percentage who are Struggling has risen, back to one-in-four, closer to where it was just after the holiday season. Overall, half of Canadians are either Uncomfortable or Struggling:

CONTACT:

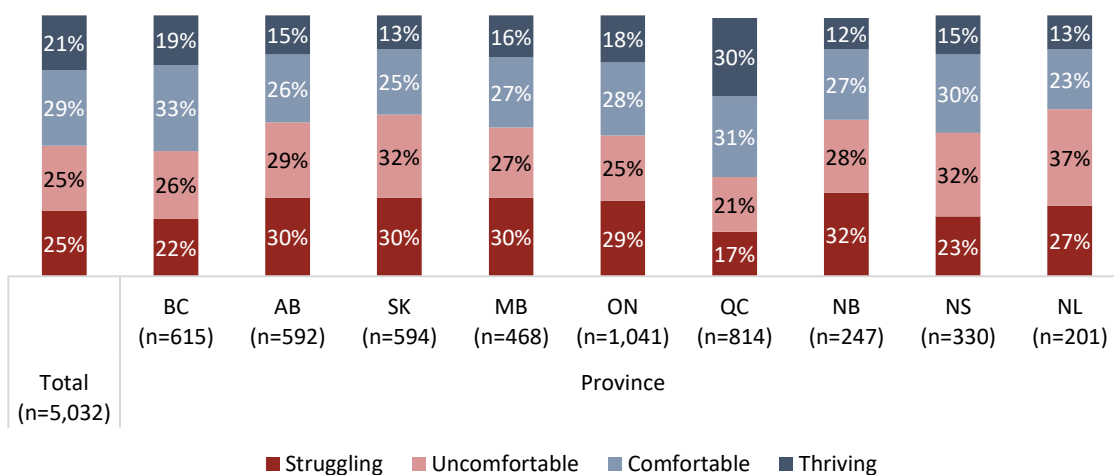
Shachi Kurl, President: 604.908.1693 shachi.kurl@angusreid.org @shachikurl
 Dave Korzinski, Research Director: 250.899.0821 dave.korzinski@angusreid.org

Economic Stress Index



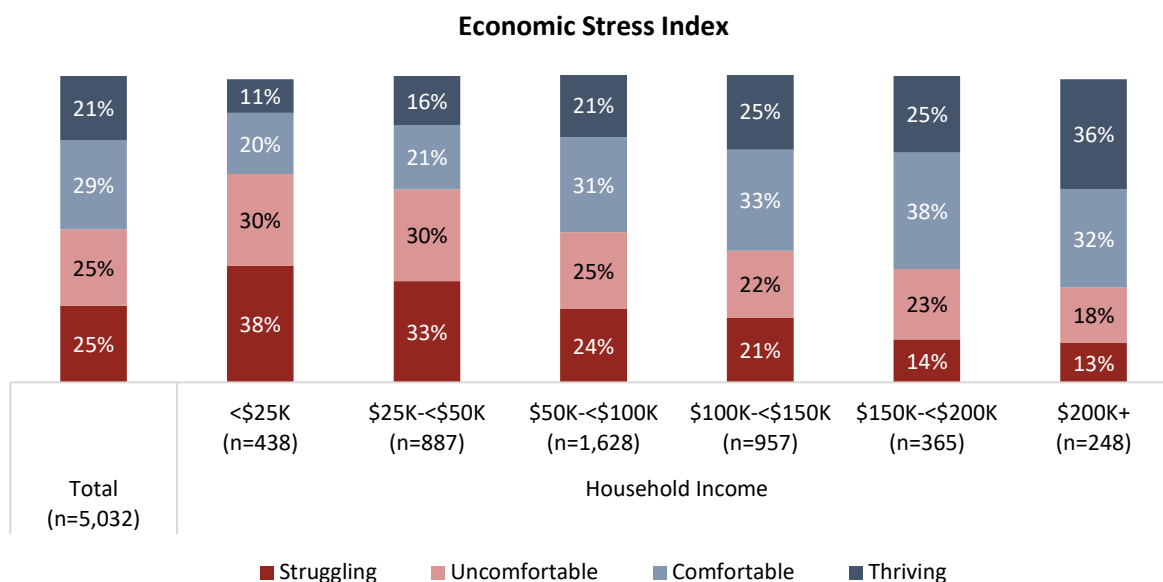
A majority in each of the Atlantic provinces fall under the Struggling or Uncomfortable categories, ranging from 55 per cent in Nova Scotia to two-thirds (64%) in Newfoundland and Labrador. That is also the case in Alberta (59%), Saskatchewan (62%), Manitoba (57%), and Ontario (54%). Only in Quebec (61%) and B.C. (52%) do more than half fall into the top two categories on the ESI. Notably, by Statistic Canada’s CPI, those provinces have [the lowest cost of living of any province in the country](#).

Economic Stress Index



Note: Because its small population precludes drawing discrete samples over multiple waves, data on Prince Edward Island is not released.

The ESI is closely correlated with income levels. Two-in-five in households earning less than \$25,000 annually fall into the Struggling category, while one-third (36%) of those in the highest income households are Thriving:



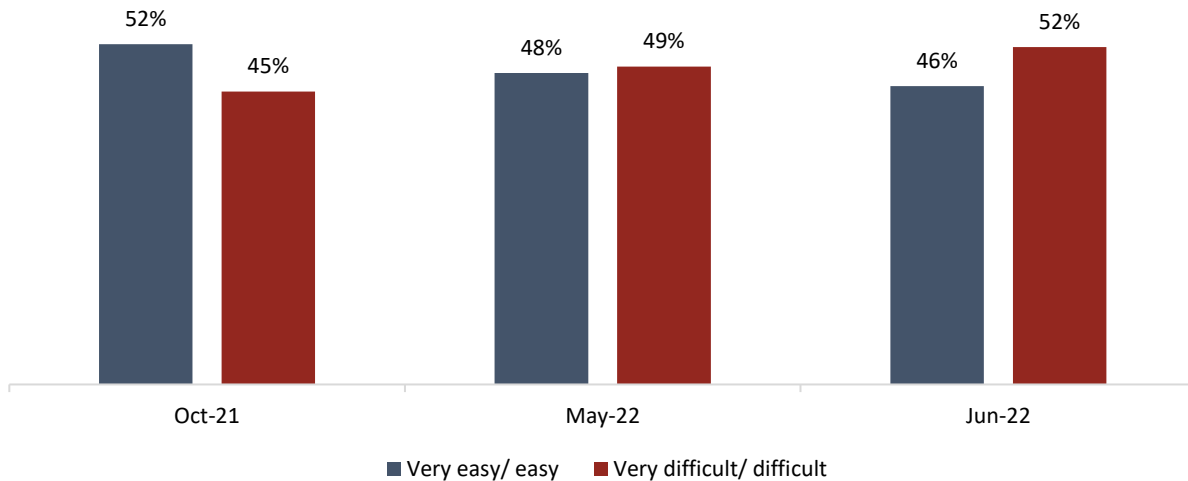
Part Two: Household budget busters

The effect of inflation is not equally applied. Some categories of goods are seeing their price rise faster than others. [Food inflation was 10 per cent in May](#), higher than the 7.7 per cent inflation rate overall. Many Canadians are feeling the effect of rising food prices in their grocery carts. Half of Canadians (52%) say it is difficult to feed their household, while 46 per cent say they are having no trouble on that front. These latest data represent an inversion from data taken in October last year, when 45 per cent said it was difficult to feed their family, and 52 per cent said it was easy:

CONTACT:

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

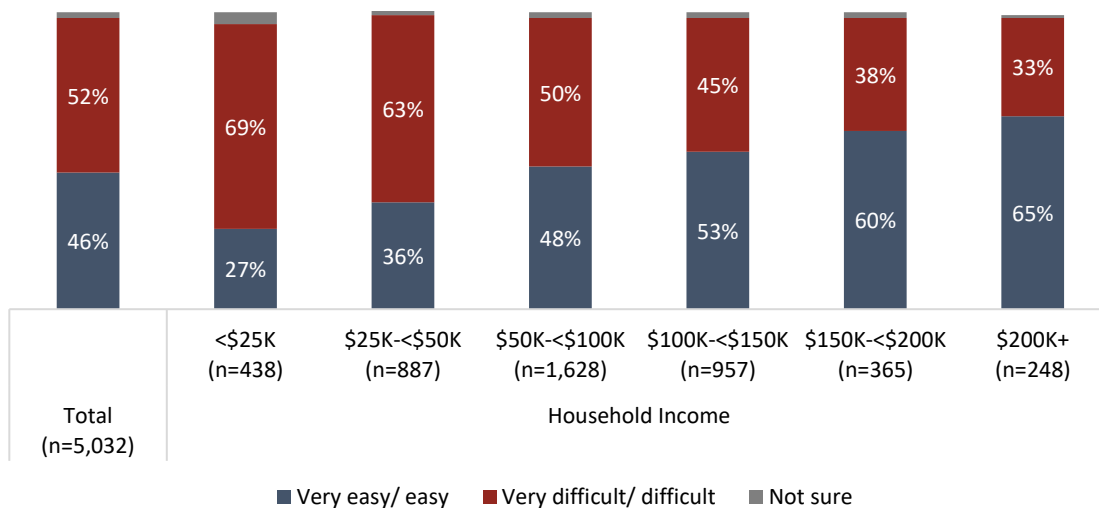
Thinking about grocery shopping and your household's food budget today, how easy or difficult would you say it is to feed your household?



Groceries and gas

Those in lower earning households are more likely to find feeding their families difficult. Seven-in-ten (69%) of those in the lowest income bracket say it is difficult to put food on the table. Still, at least one-third of all income levels are struggling with their food budget:

Thinking about grocery shopping and your household's food budget today, how easy or difficult would you say it is to feed your household?



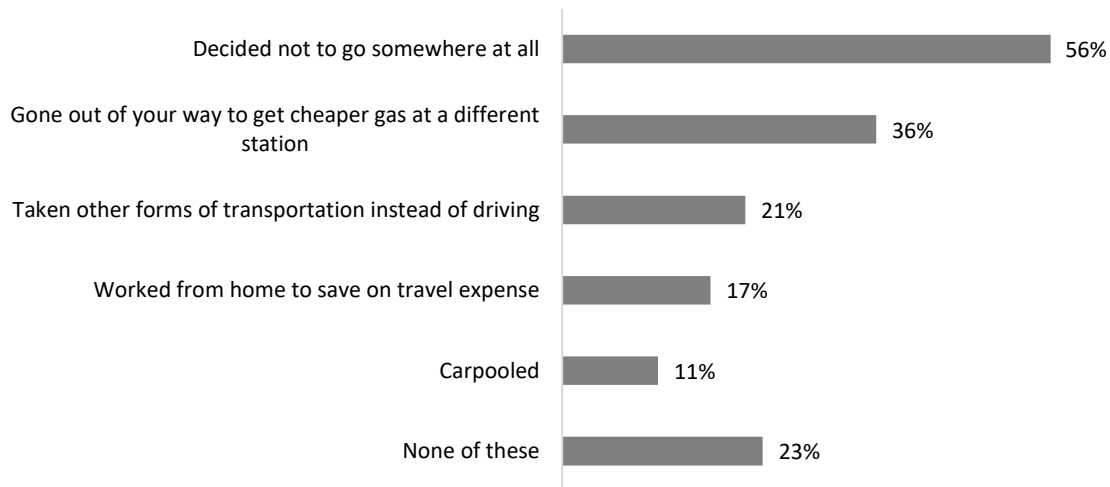
Drivers have dealt with rising gas prices in a number of different ways. Notably, one-in-three Canadian drivers (32%) say they're paying more for gas in the last month, while close to half (46%) say they're

CONTACT:

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

spending less overall due to changes in their behaviour. More than half (56%) say they have decided to stay home when they normally would not have due to the cost of driving. One-in-three (36%) have gone further to get cheaper gas. One-in-five, meanwhile, have used transit, walked, or biked instead of driving.

**Changes to driving to save money over the past month:
(Excluding not applicable, n=1,392)**

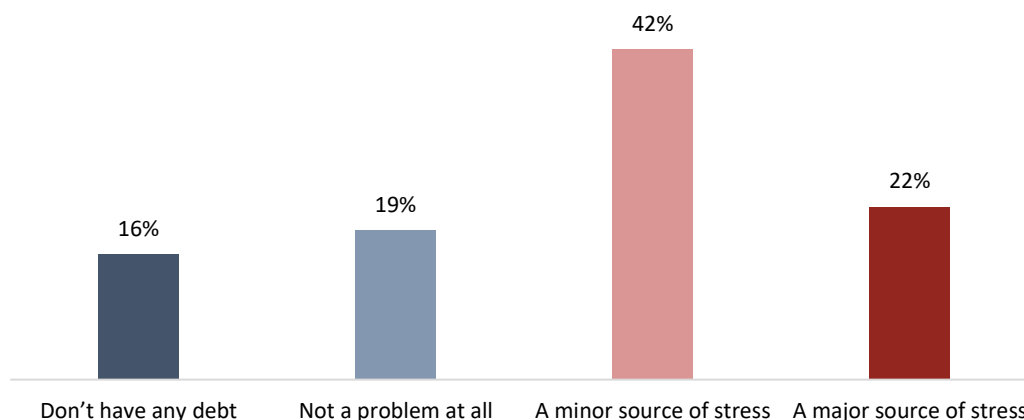


Source: Angus Reid Group

Part Three: Credit crunch

Stress over debt has been a considerable factor in Canadians' lives in 2022 thus far. One-in-five (22%) say this a major source of stress in their life; these levels have thus far held stable throughout the year:

**When it comes to the debt – if any – that your household currently holds, would you say this amount is...
(All respondents, n=5,032)**

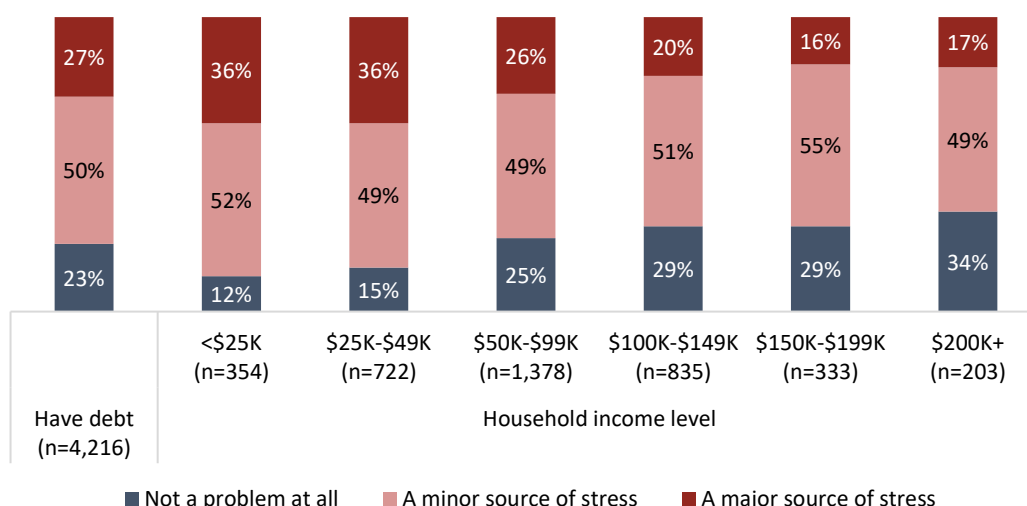


CONTACT:

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

The challenge for many, as pandemic-era supports are removed, and some [struggle with repayment](#) of the CERB they received, is to avoid debt creation. Lower-income Canadians are most likely to say that this is a challenge they're facing already. Indeed, those with sub-\$50,000 incomes are most likely to have debt and most likely to say it is a major source of stress:

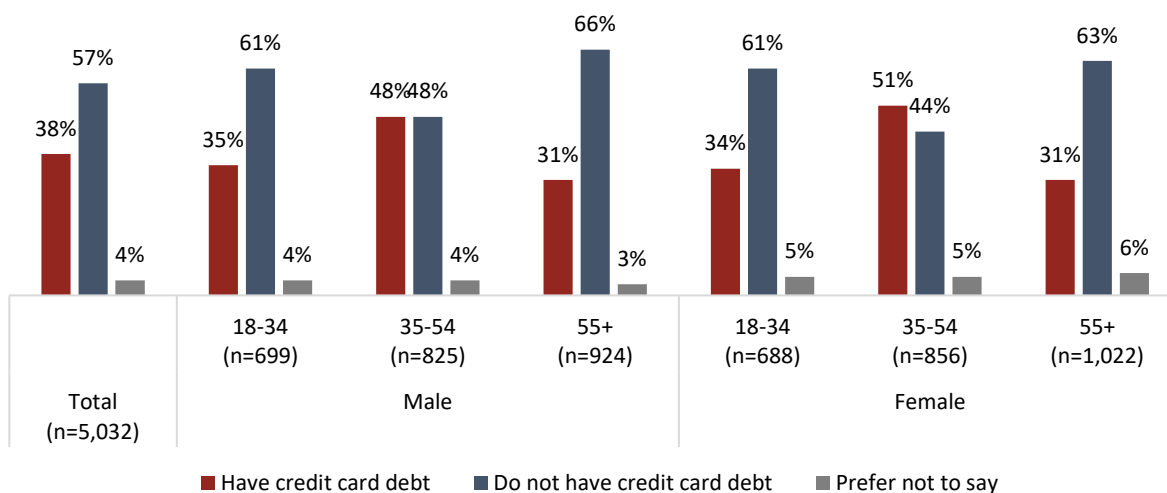
Level of stress among those who have debt



Two-in-five have credit card debt

Though overall debt stress is one factor when measuring financial responsibilities, the type of debt is also important to consider. Two-in-five (38%) say they carry it on their credit cards. Canadians in the middle of their career are much more likely to have credit card debt:

When it comes to credit card debt, which best describes your current situation:

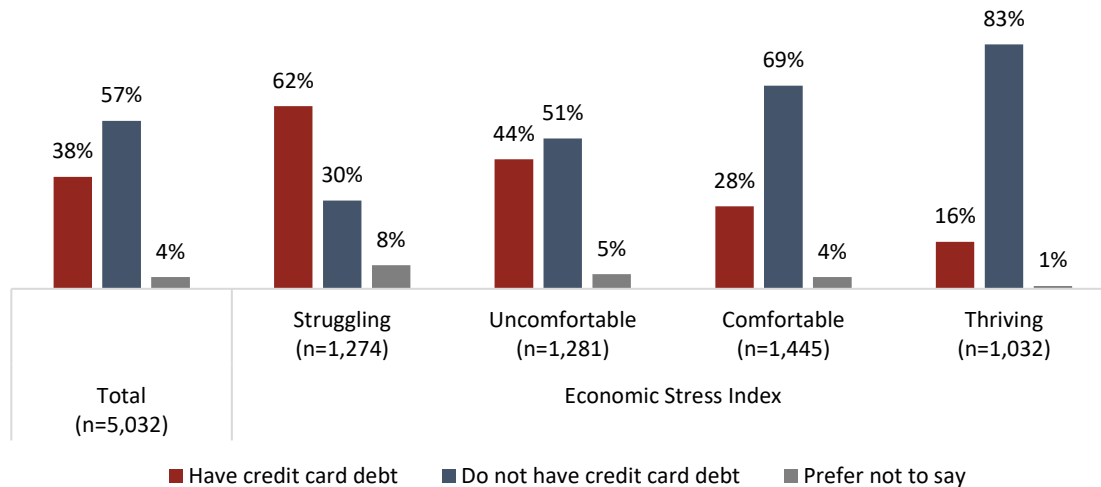


CONTACT:

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

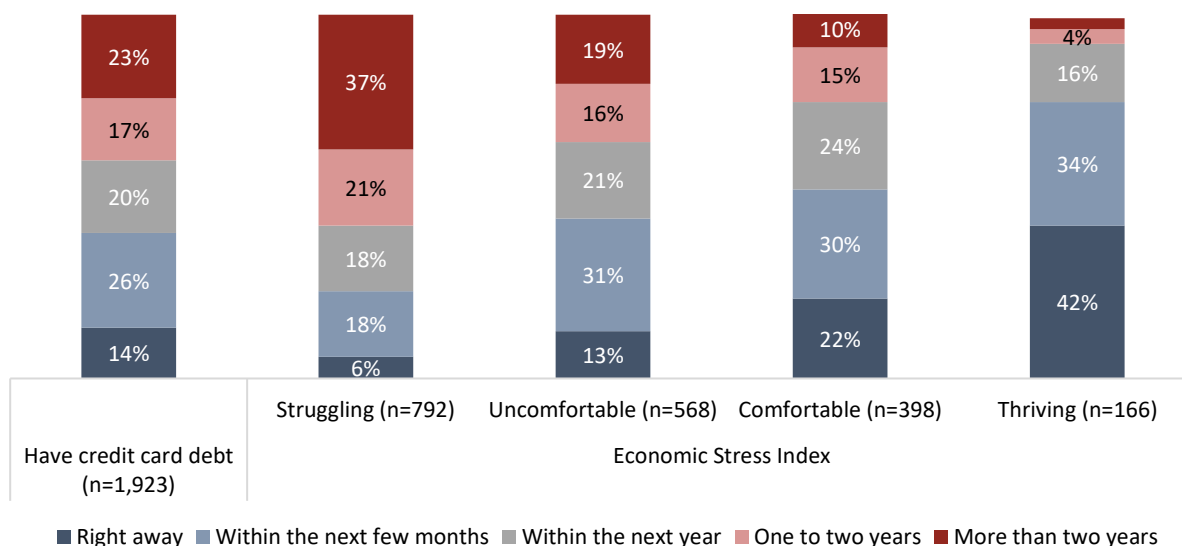
Along the ESI, three-in-five (62%) of the Struggling say they are carrying balances on their credit cards, a rate four-times as high as those in the Thriving category:

When it comes to credit card debt, which best describes your current situation:



In addition to their increased likelihood of having credit card debt, payments are also much more of a concern for the Struggling. More than half of this group say that they will need at least one year to pay off their credit card payments, while for the Thriving and Comfortable, payment has a much shorter timeline:

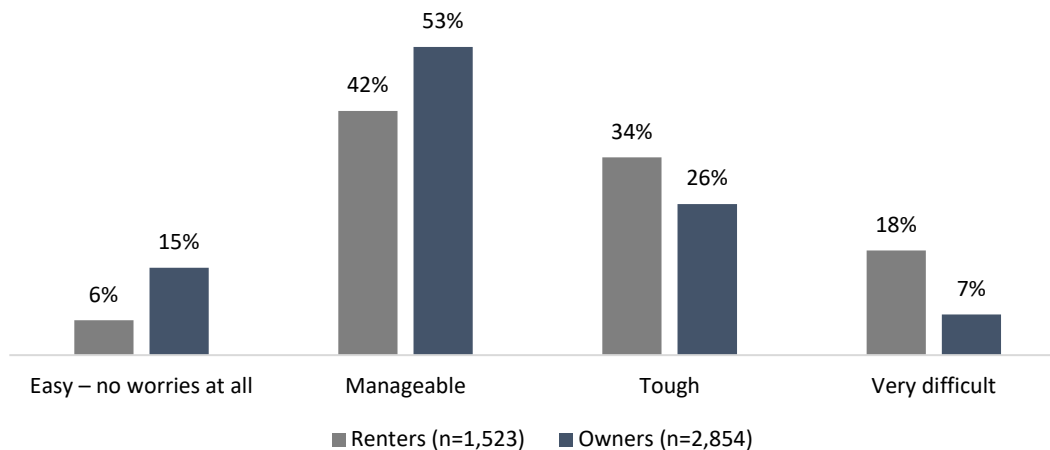
And when it comes to credit card payments, when do you expect to pay this off?



Part Four: Housing costs

Whether its rent or mortgage payments, many Canadians are facing difficulties in covering their housing costs. This challenge is more pronounced among renters, 52 per cent of whom say affording their rent is tough or very difficult. One-in-three (33%) homeowners feel this way about their own costs:

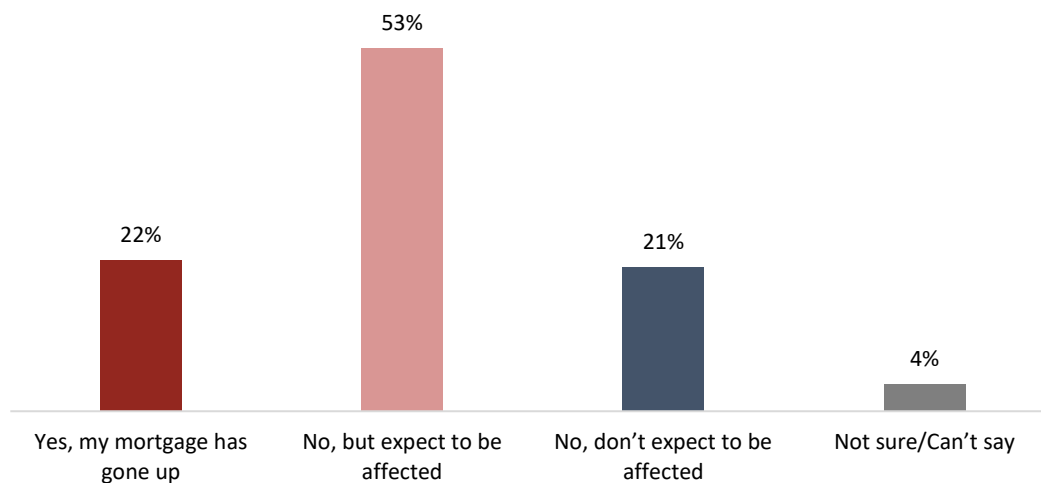
And whether you're paying a mortgage, renting, or otherwise, would you say the financial aspect of this is:



Are homeowners prepared for interest rate increase?

Interest rates began to rise [in March of this year](#), and the impact that decision will fallout over a number of months and years. So far, one-in-five (22%) of those with a mortgage say their payments have increased, while another half (53%) are bracing for this in the future:

**So far, have you been affected by rising interest rates?
(Those with at least one mortgage n=2,092)**

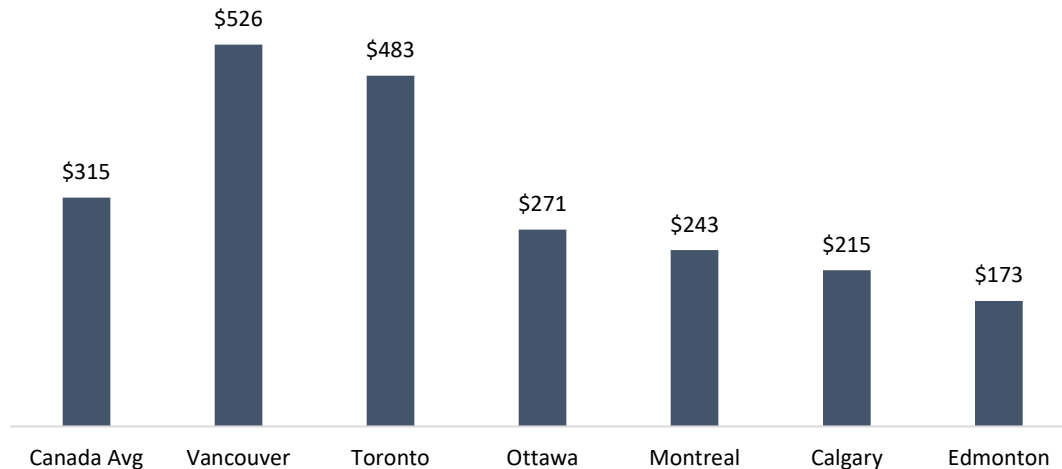


CONTACT:

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

While the actual impact of rising interest rates on mortgages will depend on a number of factors for each individual homeowner, average estimates suggest that the increase could be steep, particularly in cities where average housing prices have risen considerably beyond the million-dollar mark in recent years:

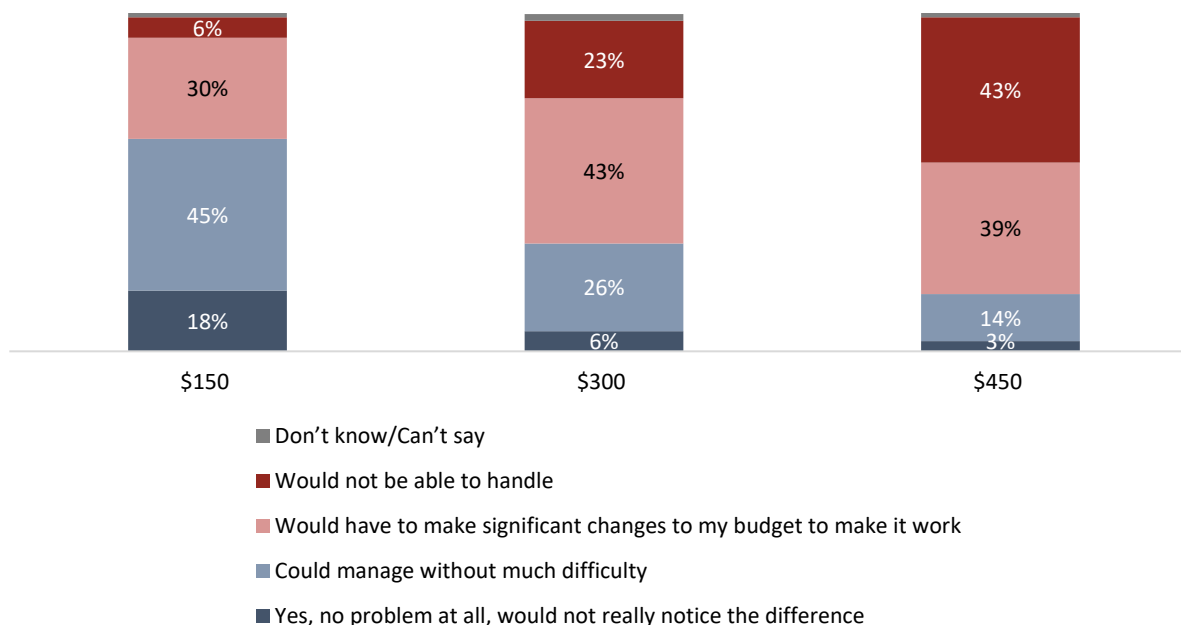
Increase on mortgage payments of a 1 percentage point rise in interest rate - based on market value of a typical home in Q4 2021



Source: RBC

Given this, the Angus Reid Institute presented mortgage holders with three different scenarios that they may face in the coming years – an increase of \$150, \$300, or \$450 a month on their mortgage payment. The first level of \$150 a month added causes problems for just over one-in-three (36%) while the second scenario of \$300 a month is problematic for nearly twice as many (66%). A \$450 a month increase would leave few homeowners able to manage comfortably, and two-in-five (43%) unable to pay:

**Suppose interest rates increased your monthly mortgage payments by each of the following amounts. Could you handle it or not?
(Those with at least one mortgage n=2,092)**



For those lower-income households that have broken into the market, the risk is evident. Fewer than two-in-five (36%) say they would be able to accommodate a \$150 per month increase in their mortgage payment ([see detailed tables](#)).

Part Five: Institutional confidence is lacking

Provincial governments panned on inflation

While several causes of inflation are beyond the control of provincial governments, there are some measures that level of government could take to offer constituents relief. Alberta instituted [a gas tax holiday in April](#), while also providing utility rebates. The former has also been [proposed in the United States by President Joe Biden](#).

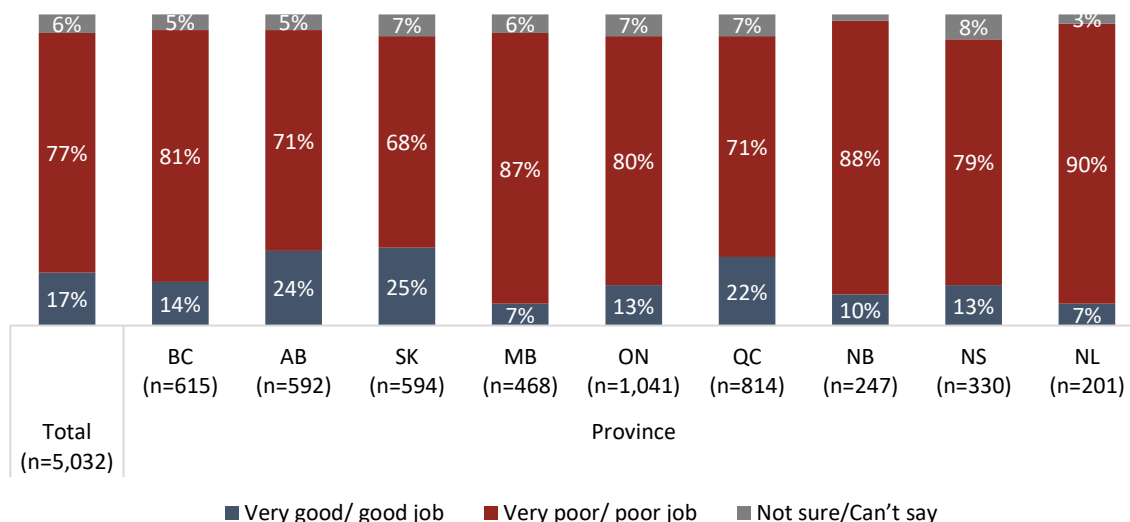
Meanwhile, Quebec sent out [a one-time payment of \\$500](#) to those with net income of less than \$100,000 annually. The Saskatchewan government has offered [a housing benefit](#) for those spending 35 per cent of their income or more on rent.

Those provinces who have taken steps do fare slightly better, but the overriding belief of Canadians is that their provincial government could be doing more to help. At least two-thirds in every province say their respective government has done a poor job on inflation:

CONTACT:

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

Provincial government performance on cost of living/ inflation



Note: Because its small population precludes drawing discrete samples over multiple waves, data on Prince Edward Island is not released.

Fewer than half have faith in Bank of Canada

Perhaps the [most powerful economic lever to counteract inflation](#) is in the hands of the Bank of Canada. The BoC has already raised its key interest rate thrice this year and will likely do so again [as early as July](#).

The bank's [stated mandate](#) is "to promote the economic and financial welfare of Canada." One of its [four core functions](#) is to "keep inflation low, stable and predictable."

In the current economic environment, Canadians are split as to whether or not they trust the BoC to fulfill its mandate. Slightly more (46%) trust the bank than don't (41%).

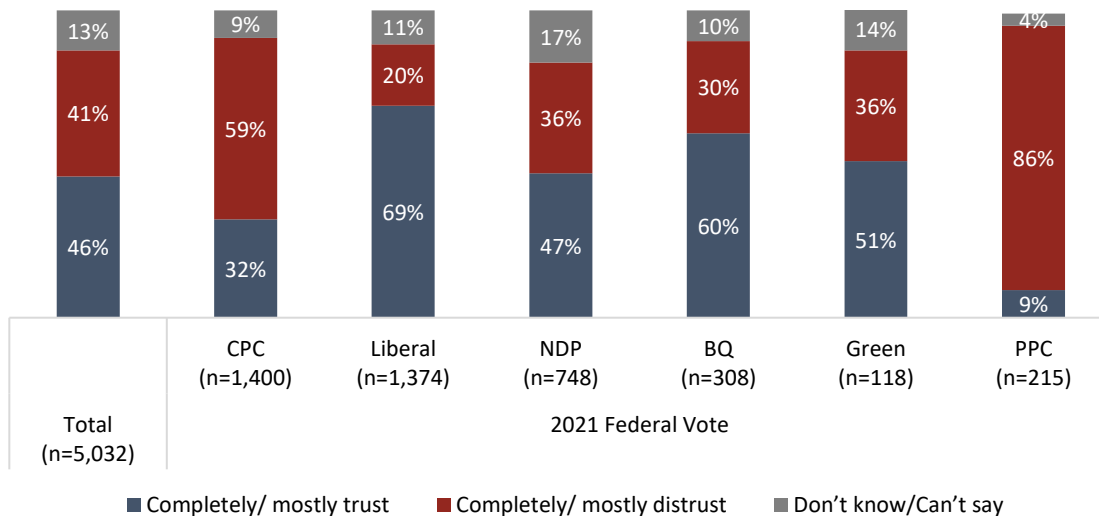
Trust in the BoC varies significantly across partisan lines. Conservative Party of Canada leadership hopeful, and sitting MP, Pierre Poilievre attacked the bank during one of the party's leadership debates, saying he would [fire BoC governor Tiff Macklem](#) if he became prime minister. Poilievre's comments were criticized for [undermining trust in the bank](#).

Past CPC (59%) and PPC voters (86%) are much more likely to say they don't trust the Bank of Canada to fulfill its mandate. Meanwhile, seven-in-ten (69%) of those who voted Liberal in the fall election say they trust the BoC. However, trust is not as strong (47%) among past NDP voters, whose party has entered in a [confidence and supply agreement](#) to keep the Liberal minority government in power:

CONTACT:

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

How much do you trust, if at all, the Bank of Canada to fulfill its mandate?



Note: Because its small population precludes drawing discrete samples over multiple waves, data on Prince Edward Island is not released.

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

For detailed results by the Economic Stress Index, [click here](#).

Summary tables follow

CONTACT:

Shachi Kurl, President: 604.908.1693 shachi.kurl@angusreid.org @shachikurl

Dave Korzinski, Research Director: 250.899.0821 dave.korzinski@angusreid.org

Since the start of the year, have you reduced your spending or changed your behaviour to save money in each of the following areas? [Gas for your vehicle] (Excluding not applicable)							
	Total (n=1,378)	Household Income			Education		
		<\$50K (n=329)	\$50K - <\$100K (n=467)	\$100K+ (n=439)	HS or Less (n=492)	Some Postsecond ary/ College (n=463)	Univ+ (n=423)
Yes – I have decreased my spending a great deal	18%	25%	17%	15%	18%	20%	17%
Yes – I have decreased my spending somewhat	28%	24%	29%	30%	26%	28%	31%
No – my spending has not changed	22%	19%	21%	25%	21%	18%	26%
No – I have increased my spending	32%	32%	33%	30%	36%	34%	26%
Total: Yes	46%	49%	46%	45%	43%	48%	48%
Total: No	54%	51%	54%	55%	57%	52%	52%

CONTACT:

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

Over the last month, have you done any of the following to save on gas costs? (Excluding not applicable)							
	Total (n=1,392)	Household Income			Education		
		<\$50K (n=335)	\$50K - <\$100K (n=470)	\$100K+ (n=438)	HS or Less (n=495)	Some Postsecond ary/ College (n=466)	Univ+ (n=430)
Decided not to go somewhere at all	56%	60%	61%	48%	57%	58%	52%
Gone out of your way to get gas from a cheaper gas station	36%	34%	41%	35%	38%	39%	32%
Taken other forms of transportation (e.g. public transit, bike, walking)	21%	28%	20%	20%	16%	19%	29%
Worked from home more (for the reason of saving on costs)	17%	15%	16%	19%	10%	18%	23%
Carpooled	11%	13%	12%	11%	9%	14%	13%
Purchased an electric/hybrid vehicle	2%	2%	2%	4%	1%	2%	3%
None of these	23%	17%	21%	28%	23%	21%	24%
Total: Yes to any	77%	83%	79%	72%	77%	79%	76%

CONTACT:

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