

Economic pessimism declines, but two-in-five say they are 'worse off' than last year

Recent immigrants report challenges with groceries and rent

December 16, 2024 – As the federal government prepares to update Canadians on its financial books heading into the new year, and Canadians begin to shop amidst a GST holiday, there are signs that the financial burdens on Canadian households of the previous years of inflation have eased but not fully abated.

New data from the non-profit Angus Reid Institute finds fewer Canadians expressing concerns about the state of their finances as inflation has cooled, but still many who are feeling the burden of the increased cost of living.

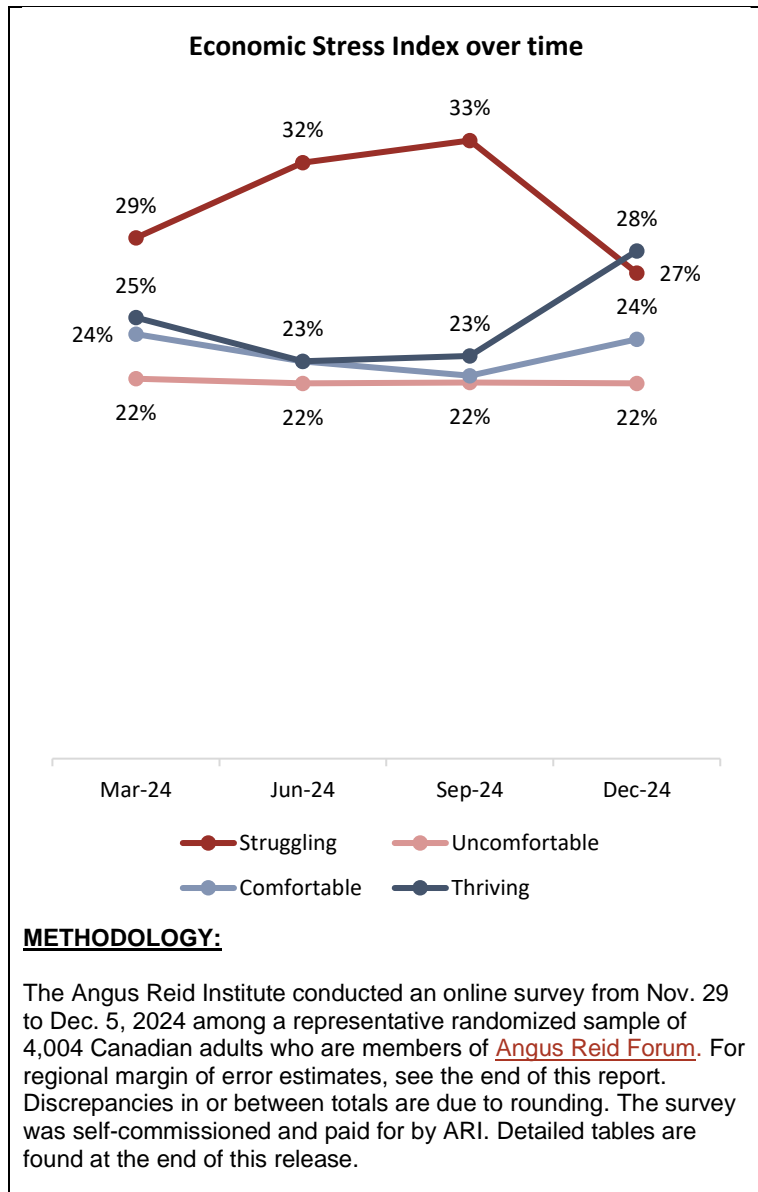
Two-in-five (38%) Canadians say they are worse off now than they were 12 months ago. This is the lowest this measure has been since 2021 but is still much higher than data seen in ARI's 14 years of tracking those data.

One-quarter (26%) express pessimism about where their finances will be by the end of 2025. This, too, is a lower proportion of Canadians expressing negativity about their economic future than at any point since 2021.

Both measures coincide with Canadians reporting less difficulty with their monthly rent or mortgage payment (39%) than in June (44%) as [mortgage rates have fallen](#) and the climb of [average rents across the country has halted](#).

But there is still concern about the cost of food, which has continued to [outpace overall inflation](#). Half (48%) describe feeding their household as "difficult" (36%) or "very difficult" (12%).

Food and housing costs are also elevated concerns for new Canadians as the federal government [changes tact on its immigration policies heading into the new year](#). Canadians who have been in the country for less than a decade are more likely than to find their grocery bills challenging (63%) than those



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who were born here (47%). And more recent immigrants also report more difficulties with their rent or mortgage (61% vs. 39% for those born in Canada).

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: Canadians' financial picture heading into 2025

The Bank of Canada issued another "[jumbo](#)" [rate cut last week](#), continuing its cycle of lowering interest rates now that inflation has cooled to within the central bank's target limit. The BoC's policy interest rate has declined 1.75 basis points from April after five consecutive cuts. While the bank is more concerned about spurring economic activity than inflation at the moment, the high cost of living continues to be a top concern for Canadians. Three-in-five (57%) select it as a top issue facing the country ([see detailed tables](#)).

Perhaps reflecting the cooling of inflation, for the first time since 2021, fewer than two-in-five (38%, [see detailed tables](#)) say they are financially worse off than they were 12 months ago. This still represents an elevated proportion [compared to more than 14 years of tracking](#) from the Angus Reid Institute as the effects of an extended period of high inflation are evidently still being felt.

Economic pessimism falling

There are broader concerns about the long-term future of the Canadian economy, especially when it comes to [productivity](#) and a [declining standard of living](#) – and that's before a potential [25 per cent tariff](#) on Canadian goods potentially to be implemented by returning U.S. President Donald Trump. In the interim, there are some positive economic signs. Consumer spending [has risen in recent months](#) and this year Canadians [spent more on Black Friday and Cyber Monday sales](#) than last year. House sales [have also risen across the country](#) and the national average closing price was higher last month than the previous as mortgage rates continue to fall in step with the Bank of Canada's [rate cutting cycle](#).

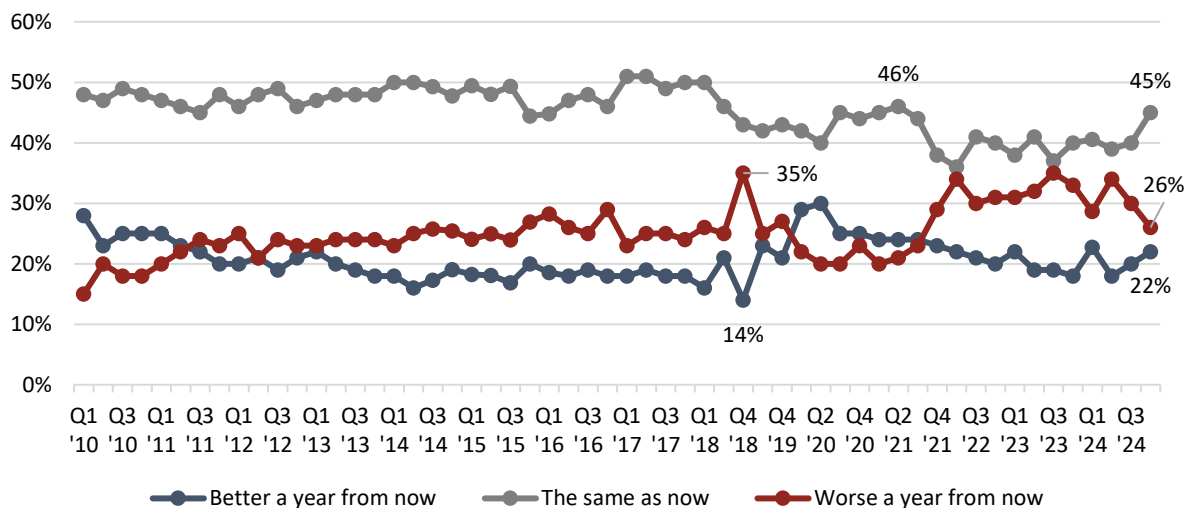
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Wages have also risen, though the [unemployment rate has grown overall](#). The latter is largely a cause of a [larger labour force](#) than layoffs by Canadian companies.

This all is perhaps reflected in declining Canadian pessimism about their financial future. One-quarter (26%) expect to be in worse financial circumstances a year from now. This, too, is the lowest this measure has been since 2021, [before inflation had run to 40-year highs](#).

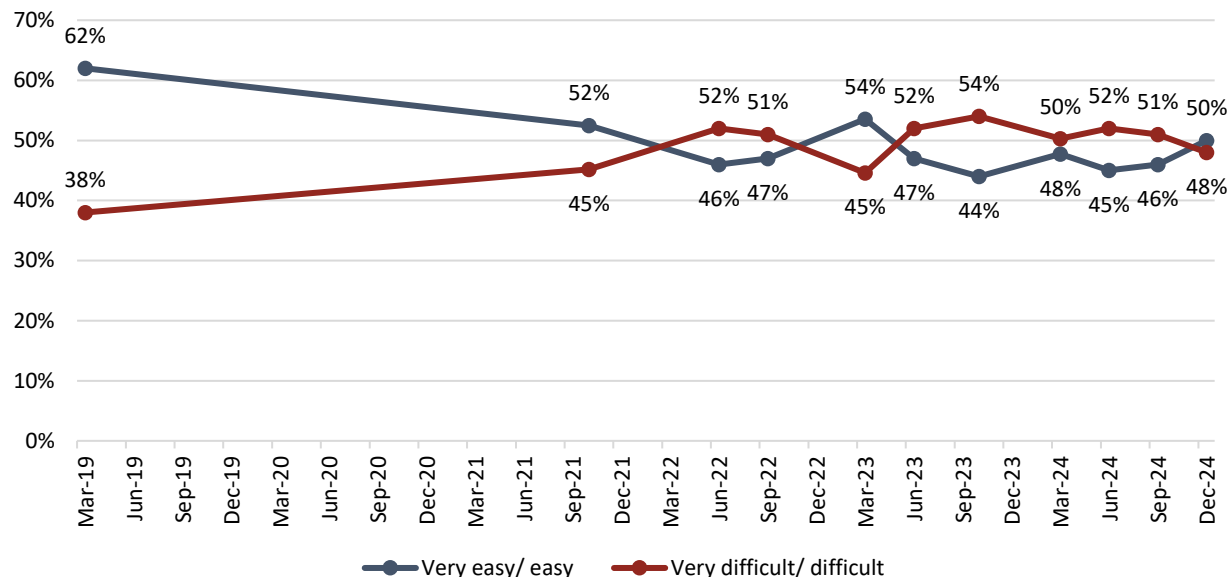
And a year from now, do you think you will be financially better off or worse off than you are now?



Cost of food still a concern for half

Food inflation continues to be a greater concern even as inflation overall has cooled. [According to Statistics Canada](#), in the past three years, grocery prices have grown by 20 per cent while wages have increased by 12 per cent. Half of Canadians (48%) report that it's “difficult” (36%) or “very difficult” (12%) to fill their fridge with food, a lower proportion than seen in the past two years, but higher than in 2019, when 38 per cent said the same:

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



Canadians' assessments of rent, mortgages and other debt

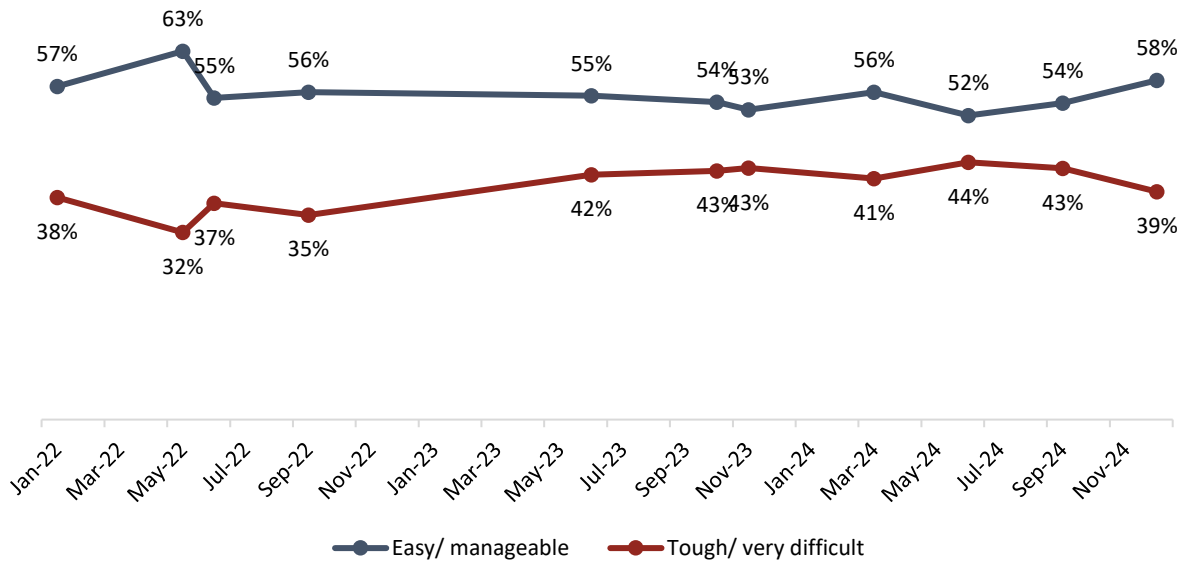
In October, for the first time in three years, rent prices declined on average across the country. Mortgage rates have also been steadily falling throughout 2024, and given the Bank of Canada's rate cuts, will likely continue to fall into the new year. Three-in-five (58%) Canadians say their monthly housing payments – be it rent or mortgage – are easy or manageable to cover, while two-in-five (39%) describe them as tough or very difficult. The latter represents the fewest Canadians to say so since 2022:

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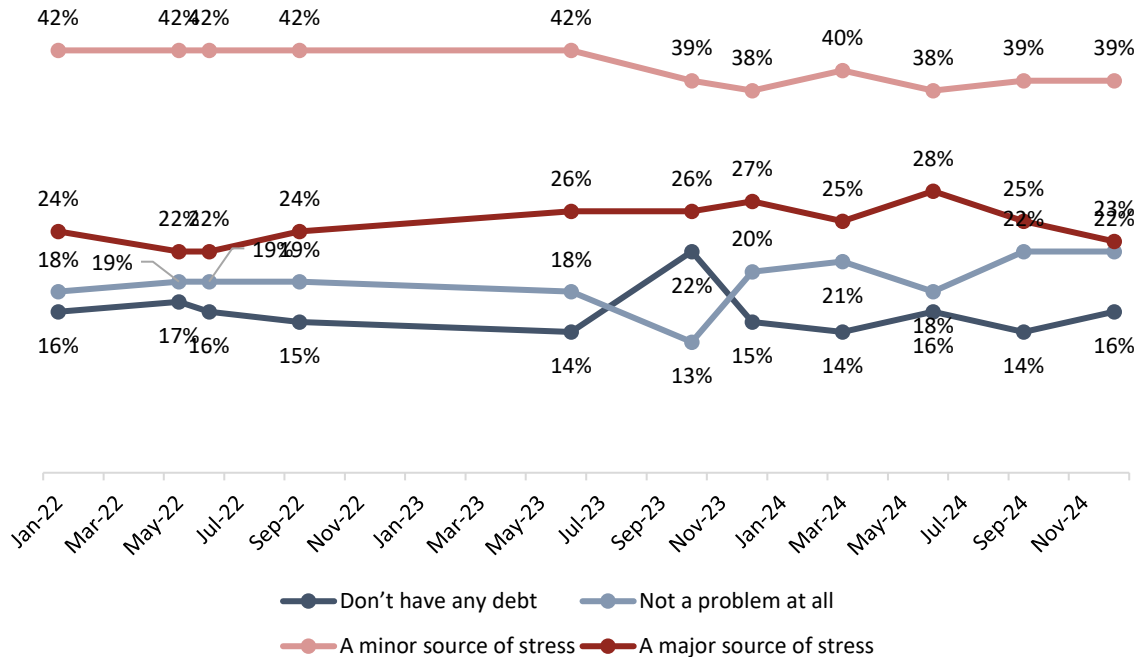
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And when it comes to your current living situation, whether you're paying a mortgage, renting, or otherwise, would you say the financial aspect of this is:



The prime interest rate has fallen too during 2024's Bank of Canada rate-cutting cycle. Relative to incomes, household debt in Canada has declined over the past year, as well. While a majority (62%) of Canadians say their level of debt is a source of stress, this represents a decline in debt stress from figures seen as recently as June 2023, when seven-in-ten (68%) said the same:

When it comes to the debt – if any – that your household currently holds, would you say this amount is...

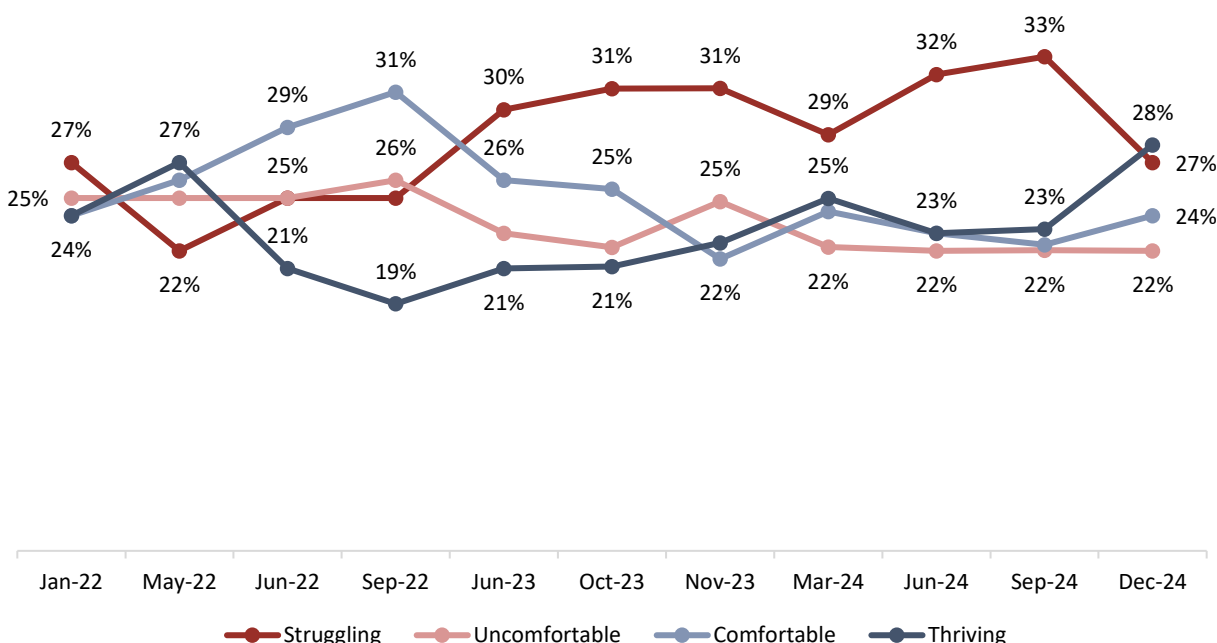


Part Two: The Economic Stress Index

Fewer Canadians ‘Struggling’

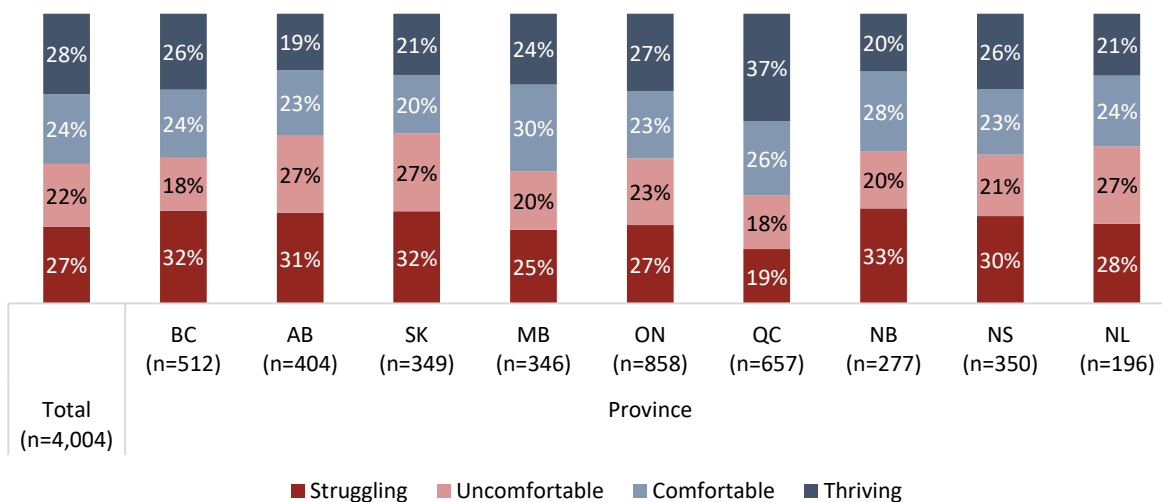
All of the above factors together combine to form the Angus Reid Institute’s Economic Stress Index, which paints a cautiously positive picture ending 2024 compared to the economic environment under the rapid inflation of 2022 and 2023. However, there are one-quarter (27%) of Canadians who are considered to be Struggling by the index and a further one-in-five (22%) who are Uncomfortable. But the proportion of the Thriving (28%) is at the highest point of the past three years:

Economic Stress Index over time



Two-in-five (37%) in Quebec are Thriving, the highest level in the country. Food is less expensive in Quebec relative to other provinces, according to [Statistics Canada's Consumer Price Index](#), and Quebecers are less likely to find feeding their household difficult ([see detailed tables](#)). House prices have increased 10 per cent year over year in Quebec, but [still trail](#) long-time housing hotspots British Columbia and Ontario, and the country's hottest province, Alberta. Rent in Gatineau, the most expensive city for rentals in Quebec, [ranks 21st among cities in the country](#), below smaller centres such as Nanaimo, B.C., and Kingston, Ontario. Approaching seven-in-ten (68%) in Quebec say their monthly housing payment is "easy" or "manageable" ([see detailed tables](#)).

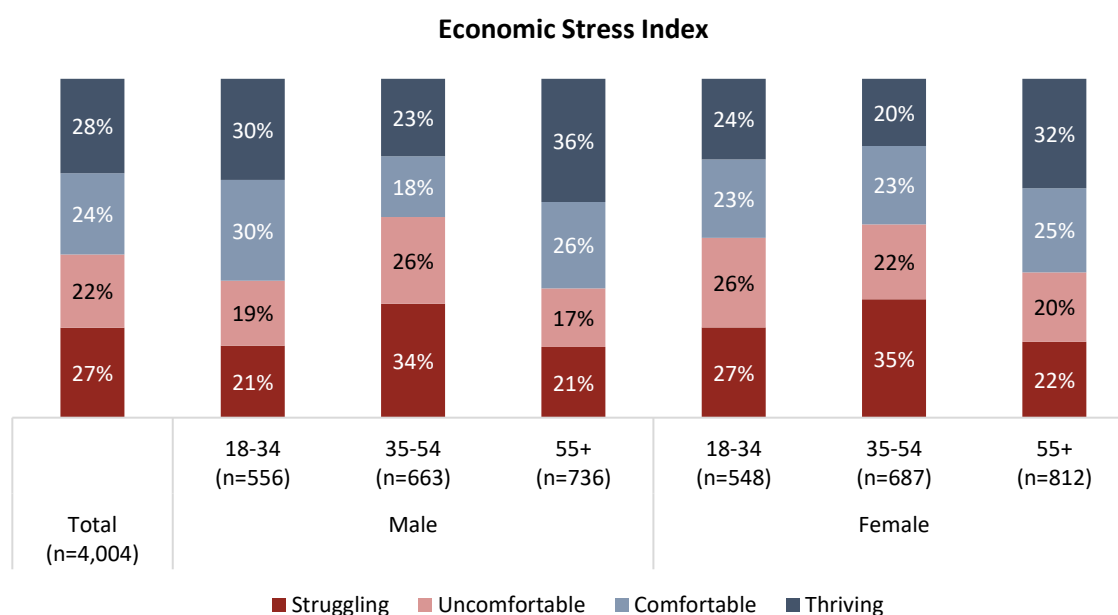
Economic Stress Index



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

Meanwhile, it is 35- to 54-year-old Canadians who are most likely to be seen as Struggling by the Economic Stress Index. This is the age cohort most likely to have children in the household, and evidently the elevated cost of living is taking its toll on families.

Related: [Birth rate crisis? Half of those who want children have waited longer than they'd like, due largely to cost](#)



Recent immigrants face financial challenges

In July, ARI data showed that recent immigrants are considering moving provinces or leaving the country because of high housing costs.

Related: [Canadian Dream? High housing costs has two-in-five recent immigrants saying they may leave their province \(or Canada\)](#)

These new data show that Canadians who were born in another country are more likely than those born here to describe their monthly housing payments as tough or difficult (46% vs 38%), and also report more difficulty putting food on the table (52% vs. 47%, see detailed tables). Financial challenges fulfilling basic needs is more common among those who have come to Canada as an adult than those who came here as children and are more established in the country.

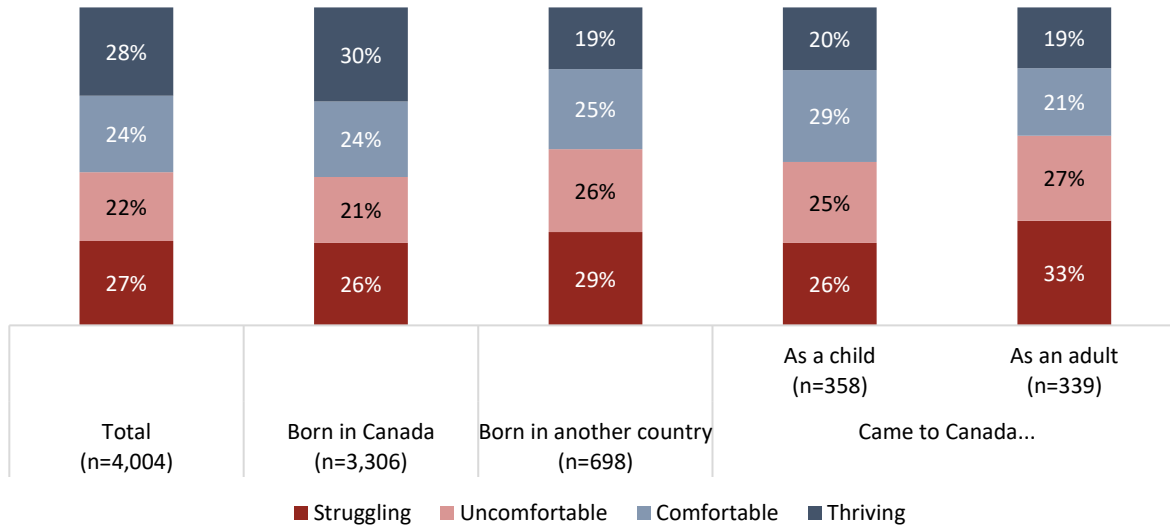
Altogether, Canadians who were born in another country are less likely to be Thriving (19%) than those born here (30%) and more likely to be Uncomfortable or Struggling. And those who immigrated to Canada as adults are much more likely to be Struggling (33%) than others:

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Economic Stress Index



Majority of Struggling say GST exemption won't help

The federal government enacted a GST and, where applicable, HST exemption for two months to help Canadians deal with cost of living concerns. A majority (55%) of Canadians overall believe this measure won't make any impact on their household finances.

Related: [Missing the Mark? Lower-income individuals least likely to be eligible for \\$250 govt. cheque: 45% say GST holiday would help](#)

One-third (33%) of the Struggling say this tax break will help a little during the holiday season, and one-in-20 (6%) believe it will help a lot. But they are outnumbered by the three-in-five (61%) who say the GST holiday won't make a difference to them.

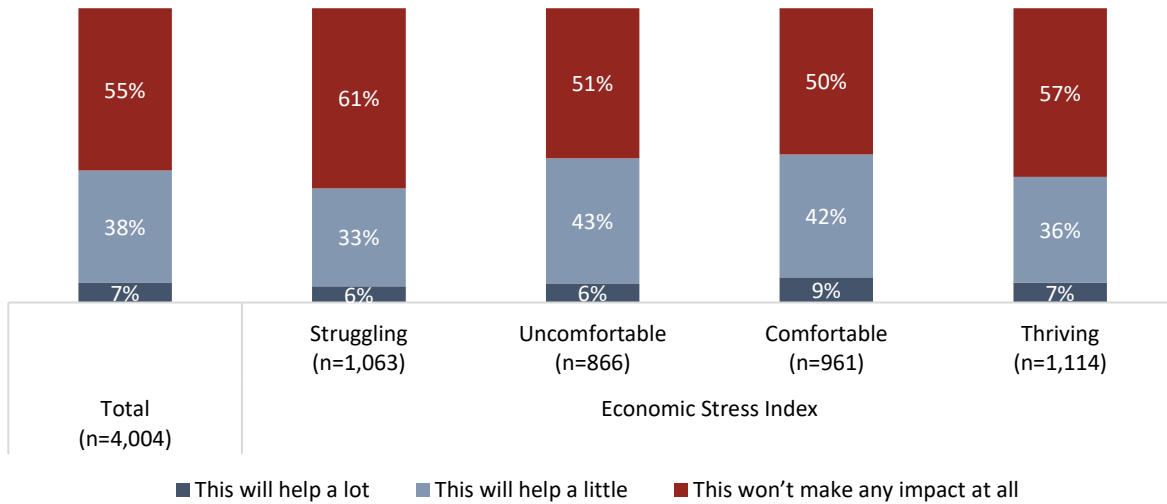
A one-time \$250 Working Canadians Rebate was also promised by Prime Minister Justin Trudeau and the Liberal government but is [currently held up by the NDP who are looking to expand its eligibility](#). If it comes, one-third (33%) of those Struggling say it would help, but twice (67%) as many either believe it won't make an impact to their household (44%), or aren't eligible to receive it (23%, [see detailed tables](#)).

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How do you feel the GST/HST exemption will impact you and your household, if at all?



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

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