

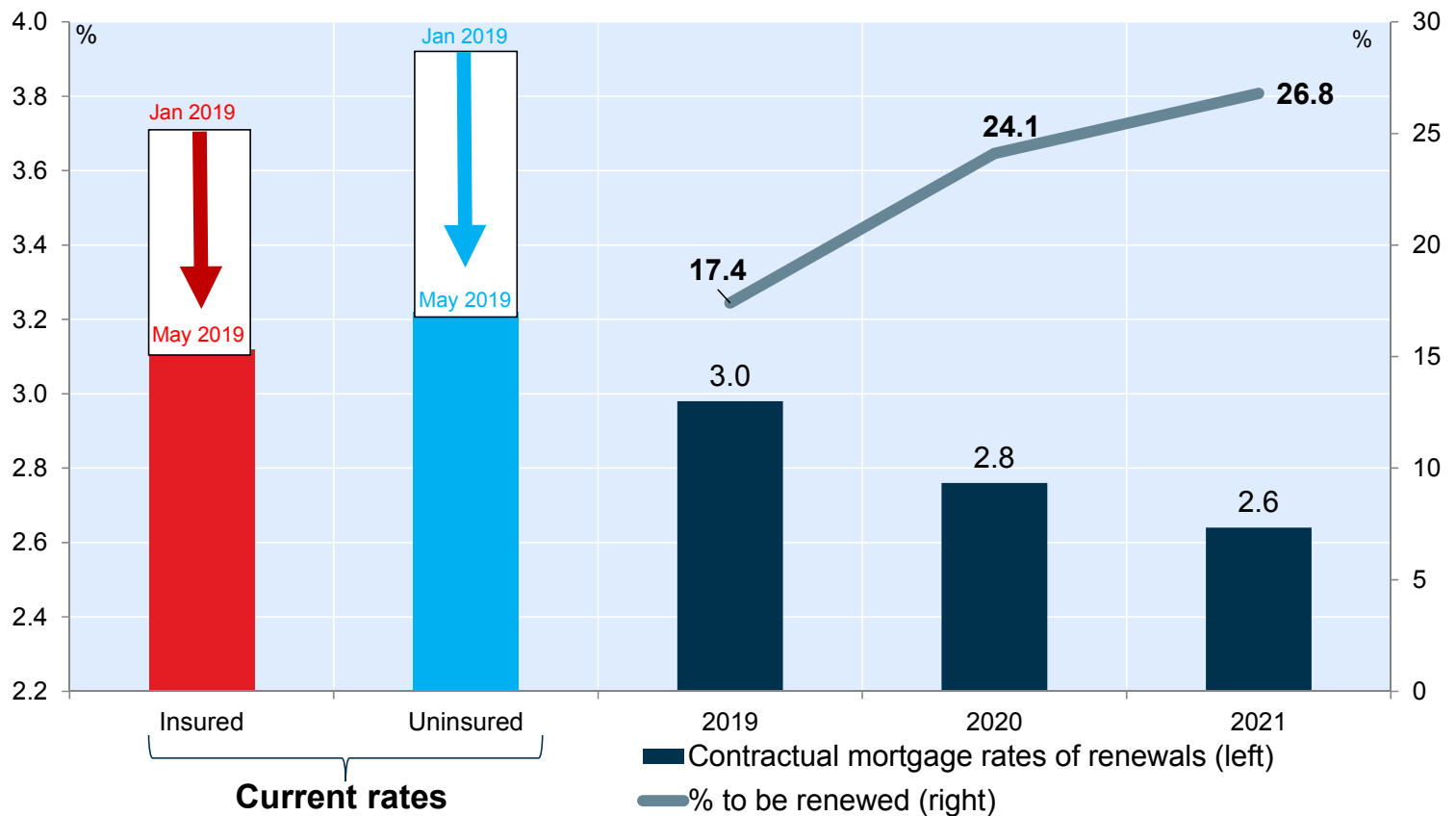
## Canada Watch

By Matthieu Arseneau

While household debt load is seen as a source of concern with regards to Canada's consumption outlook, we're encouraged by recent developments. Canadian households are currently benefiting from a stellar jobs market, rising disposable income, and falling mortgage rates. As a result, the potential payment shock for homeowners set to renew their mortgage this year has almost vanished. In January we estimated that shock at 70 to 90 basis points for the 17.4% of mortgages set to renew in 2019, which carried an effective rate of 3%. As today's Hot Chart shows, with the recent drop in mortgage rates, those households will be renewing at rates barely above their previous ones.

### Canada: No interest-payment shock for homeowners in 2019

Current 5-year mortgage rate, contractual rate of existing mortgages by year of renewal, % to be renewed



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