

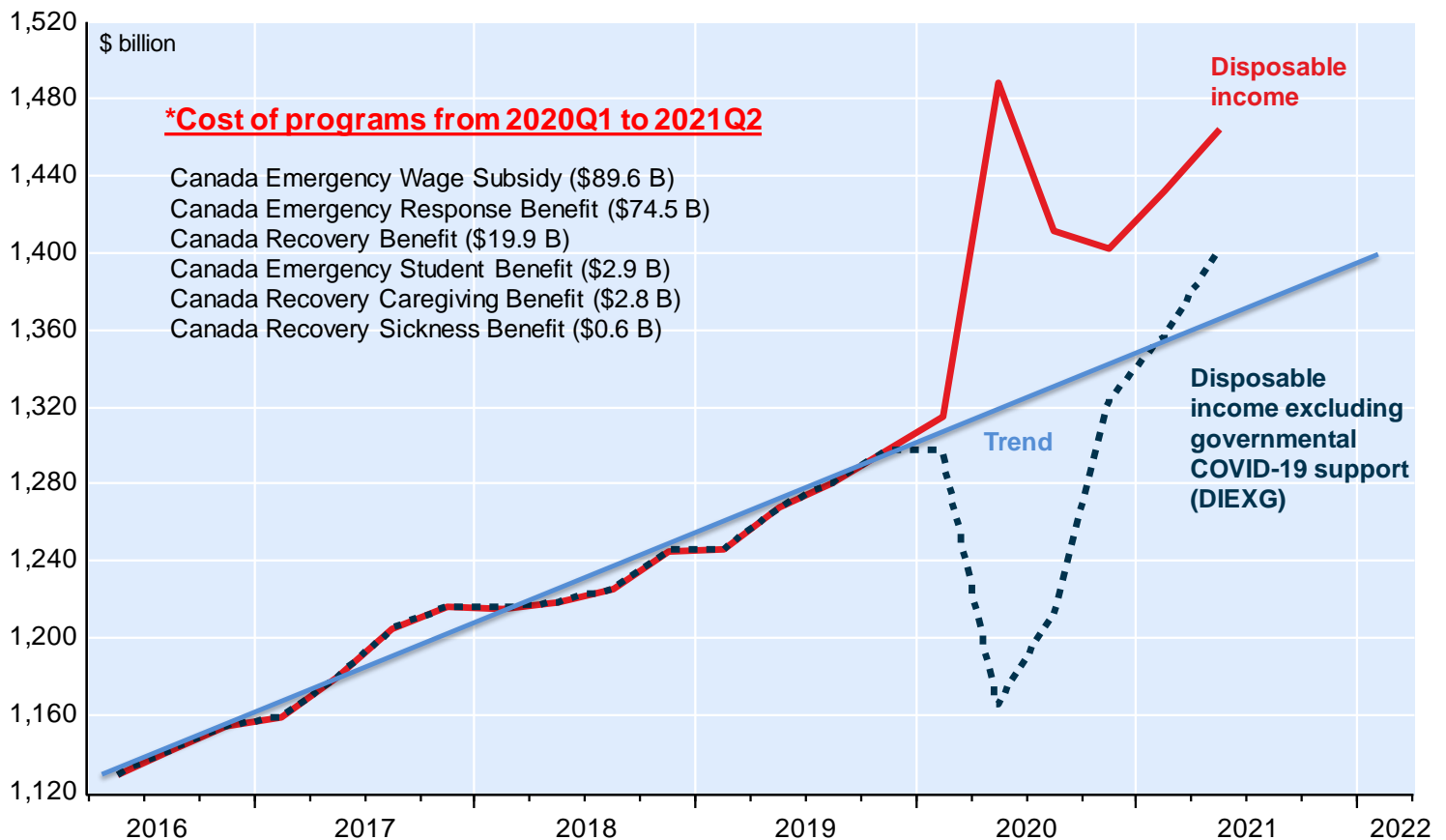
Canada Watch

By Matthieu Arseneau & Alexandra Ducharme

Unless additional extensions are announced, the remaining extraordinary income support programs that were put in place during the pandemic will end in the coming weeks. Against this backdrop, many wonder about the risks of an income shock for households. Are consumers ready to stand on their own feet? The economic accounts data published this week suggest that this is the case. As today's Hot Chart shows, disposable income excluding government programs (DIEGX) related to the COVID-19 pandemic was already above its historical trend in Q2 after registering a 14.1% annualized jump during the quarter. Job creation so far in the third quarter suggests that the upward trend in DIEGX has continued. This, combined with the large amount of excess savings already accumulated by households (11.4% of GDP, see [note](#)) sets the stage for robust consumption and a rebound in real GDP growth after the Q2 disappointment.

Canada: Are consumers ready to stand on their own feet?

Disposable income and disposable income excluding governmental COVID-19 support (annualized)*



NBF Economics and Strategy (data via Statistics Canada, [link](#))

Economics and Strategy

Montreal Office

514-879-2529

Stéfane Marion

Chief Economist and Strategist
stefane.marion@nbc.ca

Kyle Dahms

Economist
kyle.dahms@nbc.ca

Alexandra Ducharme

Economist
alexandra.ducharme@nbc.ca

Matthieu Arseneau

Deputy Chief Economist
matthieu.arseneau@nbc.ca

Daren King

Economist
daren.king@nbc.ca

Angelo Katsoras

Geopolitical Analyst
angelo.katsoras@nbc.ca

Paul-André Pinsonnault

Senior Economist
paulandre.pinsonnault@nbc.ca

Jocelyn Paquet

Economist
jocelyn.paquet@nbc.ca

Toronto Office

416-869-8598

Warren Lovely

Chief Rates and Public Sector Strategist
warren.lovely@nbc.ca

Taylor Schleich

Rates Strategist
taylor.schleich@nbc.ca

Alpa Atha

Fixed Income Economist
alpa.atha@nbc.ca

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