

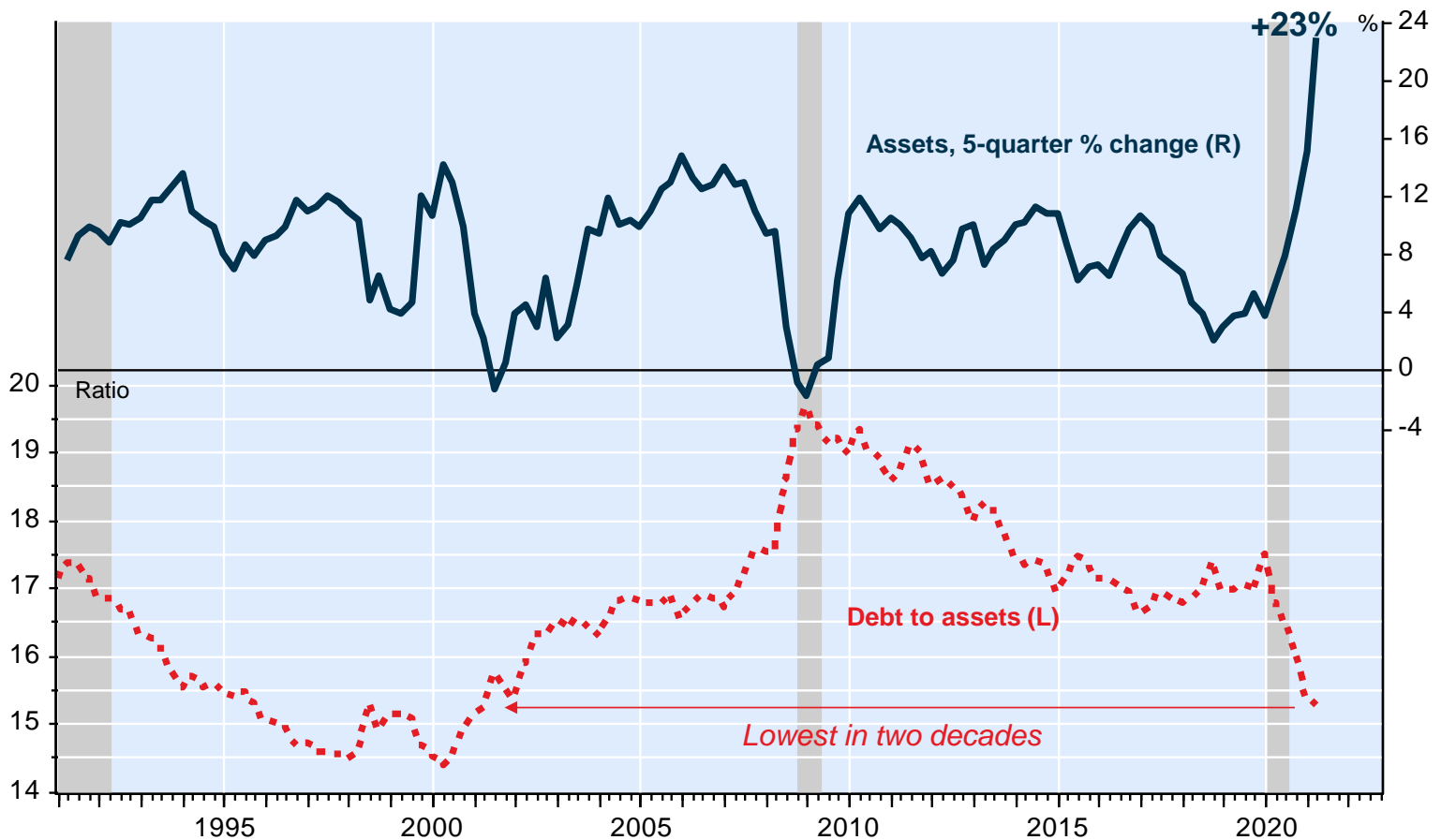
Canada Watch

By Matthieu Arseneau & Daren King

Last Friday, all eyes were on the employment report in Canada. For this reason, the data on household balance sheet that came out simultaneously went unnoticed. That's too bad because the report was interesting. The element that caught our attention in the release was the evolution of household assets. In Q2, households' assets rose by 3.6%, a fifth consecutive increase, driven by sizable gains in residential (+5.7%) and equity/investment fund share (+7.6%). As today's Hot Chart shows, household assets are up a whopping 23% from the low of 2020Q1 when financial markets were in disarray at the beginning of the pandemic. This 4 standard deviations jump is by far the quickest turnaround since data recording began. This development allowed another important metric for household financial health, the deb-to-assets ratio to drop to its lowest level in two decades. This unprecedented development should continue to bolster the economic recovery in the coming quarters.

Canada: Unprecedented positive wealth effect during the pandemic

Households assets and Debt to total assets ratio



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