



PRESS RELEASE

MNP Consumer Debt Index Plunges to 79 Points (Down 10) as Trump Election Causes Financial Anxiety

Despite declining interest rates, personal debt rating hits an all time low as 43% say they need help to get out of debt.

Toronto, ON, Jan 13 2025 — The MNP Consumer Debt Index has declined significantly to 79 points, a ten point decrease since last quarter, demonstrating the initial impact of Trump's election on Canadians' psyche and its uncertainty (including proposed tariffs) on the Canadian economy. This is the second-lowest score recorded since the inception of the index, only behind December 2022 which dropped to 77 points amid high inflation. While Canadians have recently reported a small respite in their financial worries, most Canadians are now feeling more negatively about their personal finances heading into the new year.

After significant declines in insolvency anxiety, half of Canadians (50%, +8) are now \$200 or less away each month from not being able to pay their bills and debt payments. This is a result of significantly more Canadians saying they are already insolvent (35%, +9) compared to last quarter. Canadians who disproportionately report being \$200 or less away from insolvency continue to be women (55%, +4) but the proportion of men at risk has increased to 44%, up 13 points from last quarter.

As more Canadians are at risk of insolvency, month-end finances are also down from the previous quarter. The average amount of money that Canadians have left over at the end of the month has decreased significantly to \$790, down \$147 from the previous quarter. However, this decline followed a significant bump which has now settled to be on par with December 2023 at \$795. Canadians across most demographics have seen a notable decline in month-end finances in the last quarter.

Personal Debt Rating Hits All Time Low

Canadians' "net" personal debt rating (positive subtract negative) has plummeted to an all-time low of 8 points, down 12 points from last quarter. The only other time personal debt rating had nearly reached this point was in December 2022 when net ratings dipped to 10 points before rebounding the next quarter. This significant decline is due to fewer Canadians rating their personal debt situation positively (31%, -7) and more rating it much worse (23%, +5).

Despite additional interest rates decline this quarter, Canadians' perceptions of their expected debt situation in the future aligns with their current personal debt rating and has also taken a hit to its net scores. Reflecting on their expected debt situation one year from now, one quarter of Canadians expect their debt situation to improve (27%, -4), and much more believe it will worsen (19%, +7) compared to their assessment last quarter

Concerns about Personal Debt Outweigh Interest Rate Declines





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The Bank of Canada had cut its key rate for the fifth consecutive time this year and is now sitting 50 basis-points lower than last quarter at 3.25 per cent. However, despite these cuts and the potential for additional cuts down the road, concern about their debt, the economy, and their ability to absorb financial shocks has deteriorated. Canadians' ability to absorb an interest rate increase of 1 percentage point has declined overall with fewer (20%, -4) stating they are much better equipped to absorb this increase than they used to be, while more (27%, +3) say their ability to deal with this increase has worsened. When the 1% was phrased as an extra \$130 in interest rates increases, less (17%, -5) say their ability to absorb this increase is much better and more (37%, +4) say it is much worse than before.

As Canadians concerns with managing interest rates are on the rise, attitudes towards interest rates have also taken a turn for the worse. Half of Canadians agree that even if interest rates decline, they are still concerned about their ability to repay their debts (50%, +2) and more are concerned that rising interest rates could move them towards bankruptcy (46%, +4). Furthermore, despite interest rates falling at a steady rate, even more say they desperately need interest rates to go down (65%, +2).

About the Study

These are some of the findings of an Ipsos poll conducted between December 6 – 17 2024, on behalf of MNP LTD. For this survey, a sample of 2,003 Canadians aged 18 years and over was interviewed. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within ± 2.5 percentage points, 19 times out of 20, had all Canadian adults been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

For more information about the MNP Consumer Debt Index, please visit mnpdebt.ca/CDI.

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