

# Economic Outlook 2021

Our 26<sup>th</sup> Annual Survey of Canadians' Expectations for the  
Economy and their Personal Finances in the Year Ahead

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## The 26<sup>th</sup> wave of Canada's longest-running study of the public's perceptions and expectations of the economy and their personal financial situation

### Methodology

Online survey of randomly-selected sample of 1,200 adult (18+) Canadians

### Field Window

December 18-23, 2020

### Reliability

As a guideline, a probability sample of this size carries a margin of error of  $\pm 2.8\%$ , 19 times out of 20. The margin of error is larger for sub-segments. Although demographic and regional quotas were employed to ensure reliable and comparable sub-segment analysis, the data was weighted by the most current gender, age, & region Census data, to ensure the sample reflects actual population of adult Canadians

Region	Number of Interviews	Margin of error
Atlantic Canada	97	$\pm 9.9\%$
Quebec	240	$\pm 6.3\%$
Ontario	351	$\pm 5.2\%$
Manitoba	84	$\pm 10.7\%$
Saskatchewan	73	$\pm 11.5\%$
Alberta	175	$\pm 7.4\%$
British Columbia	180	$\pm 7.3\%$
<b>Canada</b>	<b>1,200</b>	<b><math>\pm 2.8\%</math></b>



# 81%

Eight-in-ten Canadians feel the economy is in a recession, this sentiment has increased by 34 points compared to January 2020

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## Key Findings

- The positive outlook of 2018 was short-lived, as Canadians began 2019 once again feeling they were in a recession. Although 2020 began with a somewhat improved – but still negative – perception of the economy, the COVID-19 pandemic struck shortly thereafter. Thus, unsurprisingly, the public’s perception of the economy has now turned severely negative, with **81% (+34) feeling that the economy is in recession**. Just 9% (-28) feel we are in a period of growth, although Q3 2020 saw our real GDP grow by 8.9%, following declines in Q2 (11.3%) and Q1 (1.9%).
  - Notably, there is an increase in the intensity of this perception, with **32% (+26) perceiving a severe recession** and close to half (49%; +8) feeling a mild recession.
  - Those who believe Canada is in a recession are expecting it to last for a longer duration than in previous years, with a majority expecting it to last either 1 to 2 years (48%) or longer (20%).
- Most Canadians hold a negative outlook for 2021, expecting the Canadian economy and employment levels to worsen or remain stagnant. However, compared to previous years, more Canadians are expecting an improvement on both factors.



# 54%

Canadians feel they are holding their own, with 20% (+8) feeling they are getting ahead

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## Key Findings

- Although Canadians have negative perceptions of the economy, sentiment about **their personal financial situation is largely positive and somewhat improved compared to January 2020**. Although this finding may appear counter-intuitive, it aligns with the findings of the [sixth wave of our recent study on class identity and financial stability](#), wherein we found that many Canadians were reporting higher savings rates and greater financial stability due to pandemic-related reductions in consumer spending and unprecedented income support from the federal government.
  - Three-quarters are holding their own (54%; +1) or getting ahead (20%; +8) – an increase of 9 points, overall, since January 2020. And, fewer report that they are losing ground (22%; -10).
  - Also, fewer Canadians report that their household income is falling behind the cost of living (39%; -6). The remainder are outpacing (10%; +2), or keeping pace (43%; +2) with the cost of living.
  - Fears of job loss in the household have increased once again (35%; +10), to the largest level recorded in the past 26 years of this tracking study – just slightly above the previous high of 34% in 2014. However, just 8% say such job loss is very likely.

The background of the slide features a close-up, slightly blurred image of Canadian currency. In the foreground, a silver Canadian one-dollar coin (Loonie) is prominent, showing the Queen's effigy and the word 'CANADA'. Behind it, a portion of a purple one-dollar banknote is visible, with the words 'ONE DOLLAR' and 'UN DOLLAR' printed in large, stylized letters. The overall color palette is a mix of purple, blue, and gold tones, with a soft, ethereal glow.

# The Canadian Public's Macro Outlook

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## The Economy

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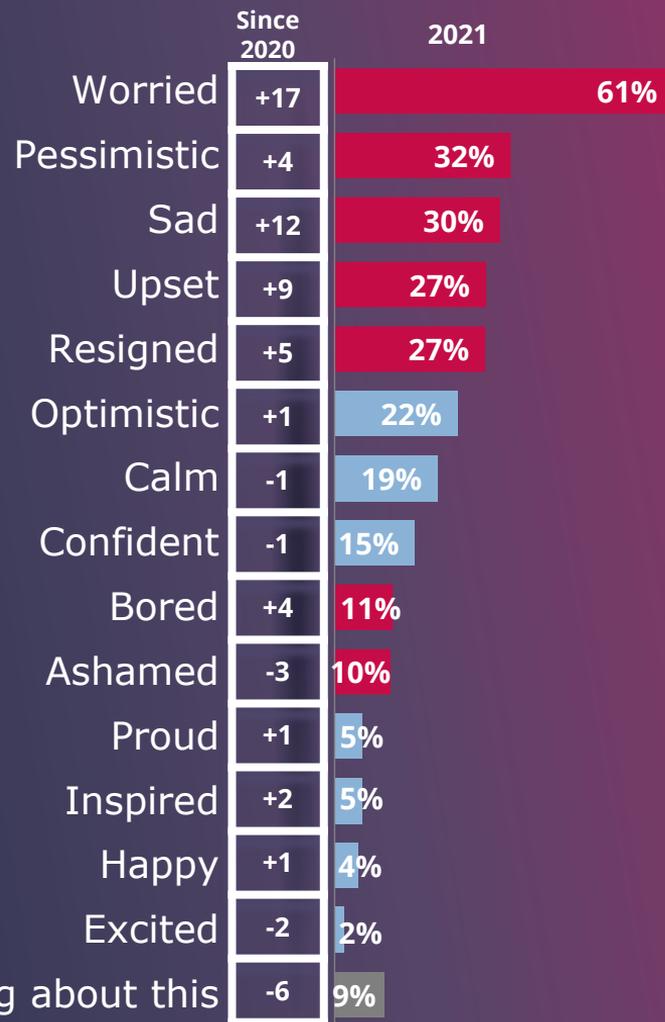
# Emotional Association with the Economy

2019 (64%) and 2020 (62%; at the beginning of the year) already saw a negative turn in the public mood. This sentiment has grown considerably in 2021, with almost eight-in-ten (79%; +17) feeling at least one negative emotion. More than six-in-ten (61%) Canadians are worried about the economy. Compared to the previous year, over a third (37%; +1) continue to feel at least some positive sentiment.

*79% of Canadians feel at least one **negative emotion** about the economy – a **17-point increase since 2020.***

*37% of Canadians feel at least one **positive emotion** about the economy – a **1-point increase since 2020.***

***Albertans (87%), Atlantic Canadians (83%) and Ontarians (81%) are more likely to feel negatively about the Canadian economy. Quebecers (45%) and BC residents (45%) are more likely to feel positively about the economy.***

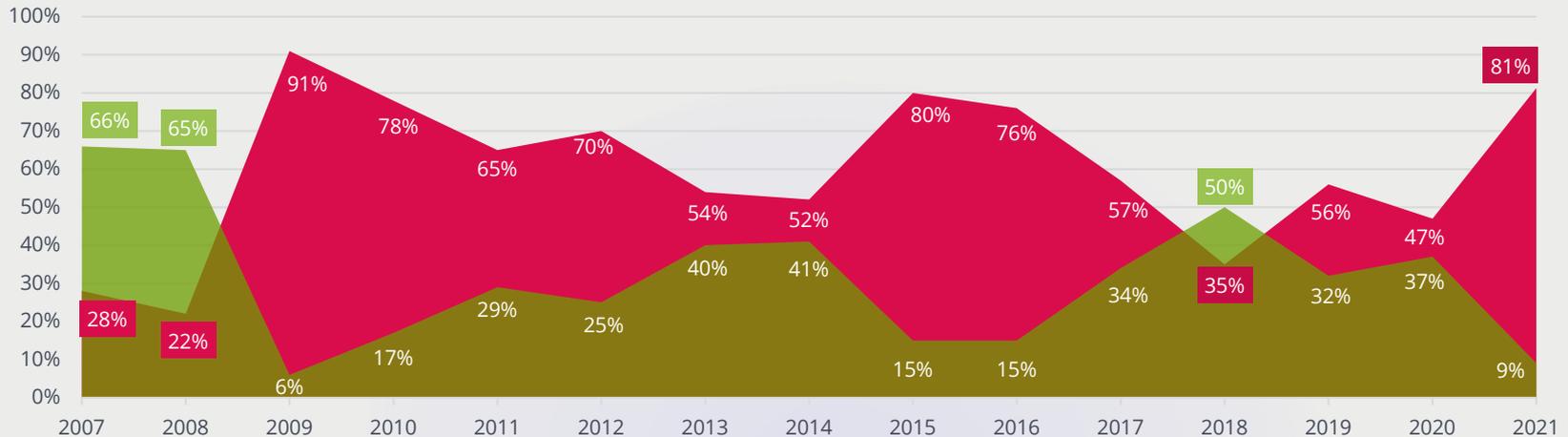


"Please click up to a maximum of 4 words that best describe the feelings that you have about **Canada's economy**. If you don't have any feelings about this, please click that option." *Multiple responses accepted. Therefore, total adds up to more than 100%.*

No feeling about this

# Perceptions of Canada's Economy:

The positive assessment of the economy seen in 2018 was short lived as Canadians were once again in a psychological recession in 2019. Though sentiment somewhat improved at the start of 2020, it has now fallen dramatically – 81% (+34) of Canadians feel the economy is in recession. Just one-in-ten (9%; -28) feel Canada is in a period of growth. Although Q3 2020 saw Canada's real GDP grow by 8.9%, pandemic-related economic shocks and news of Q1 and Q2 2020 GDP declines likely remain fresh in the Canadians' minds, fueling negative perceptions and concerns.



"Which of the following best describes how you feel about Canada's economy? Is the economy in a severe recession, a mild recession, a period of moderate growth, or a period of strong growth?"

*Not Shown In Chart: 10% Don't Know/Unsure*

**↓ 81%**

Feel the economy is in recession, with 9% perceiving a period of growth



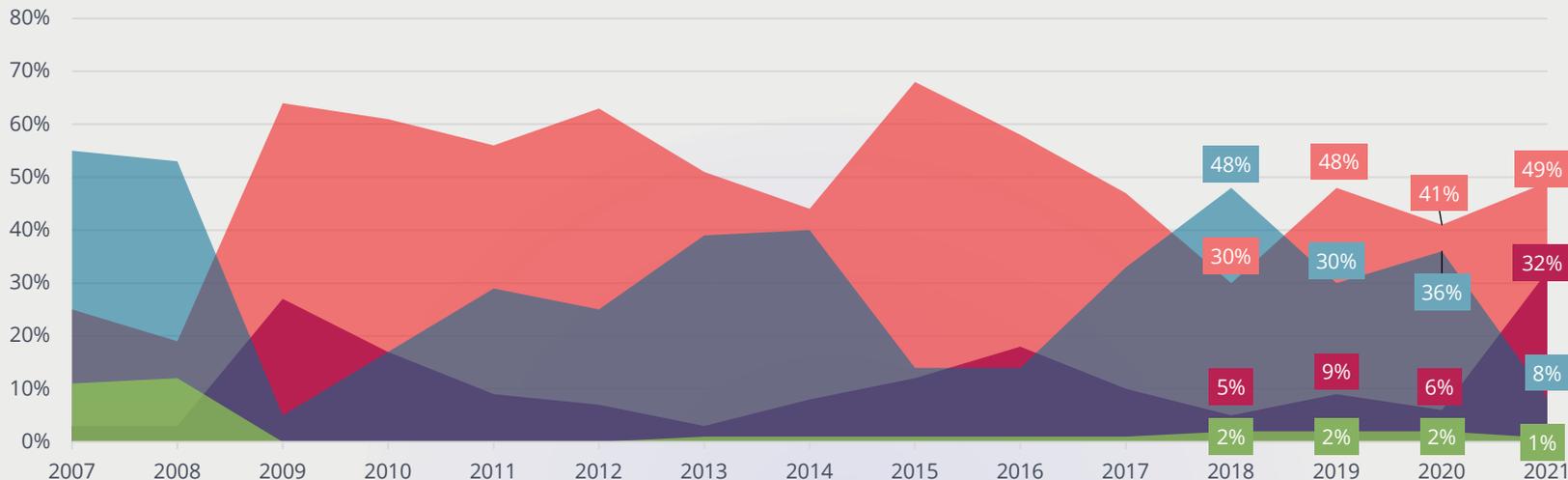
**GROWTH**



**RECESSION**

# Perceptions of Canada's Economy – Intensity:

A significant one-third (32%; +26) of Canadians feel the economy is in a state of *severe* recession, with almost half (49%; +8) feeling it is a mild recession. Of the 9% perceiving a period of growth, 8% feel the growth is moderate than strong (1%).



“Which of the following best describes how you feel about Canada’s economy? Is the economy in a severe recession, a mild recession, a period of moderate growth, or a period of strong growth?  
*Not Shown in Chart: 10% Don't Know/Unsure*

**↑ 35%**

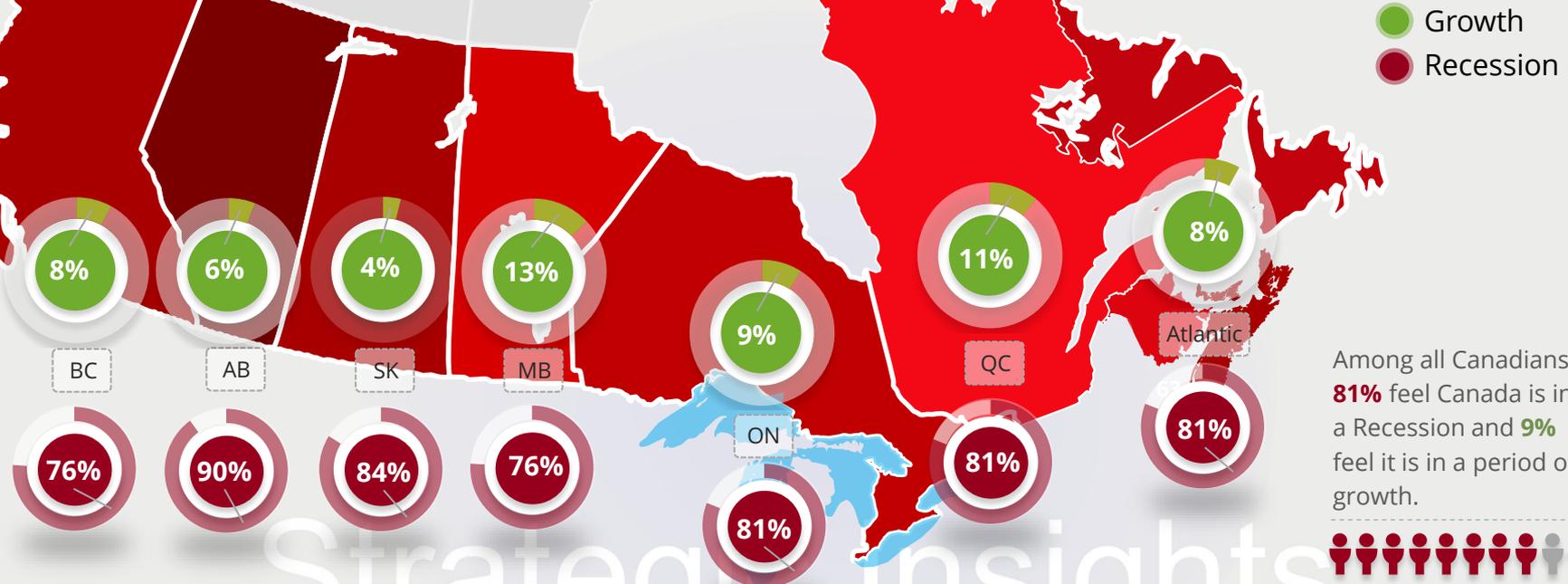
Women are more likely to feel the economy is in a severe recession than men (30%). Men are somewhat more likely to feel the economy is growing (13%) than women (6%).

-  **STRONG GROWTH**
-  **MODERATE GROWTH**
-  **MILD RECESSION**
-  **SEVERE RECESSION**

Strategic Insights

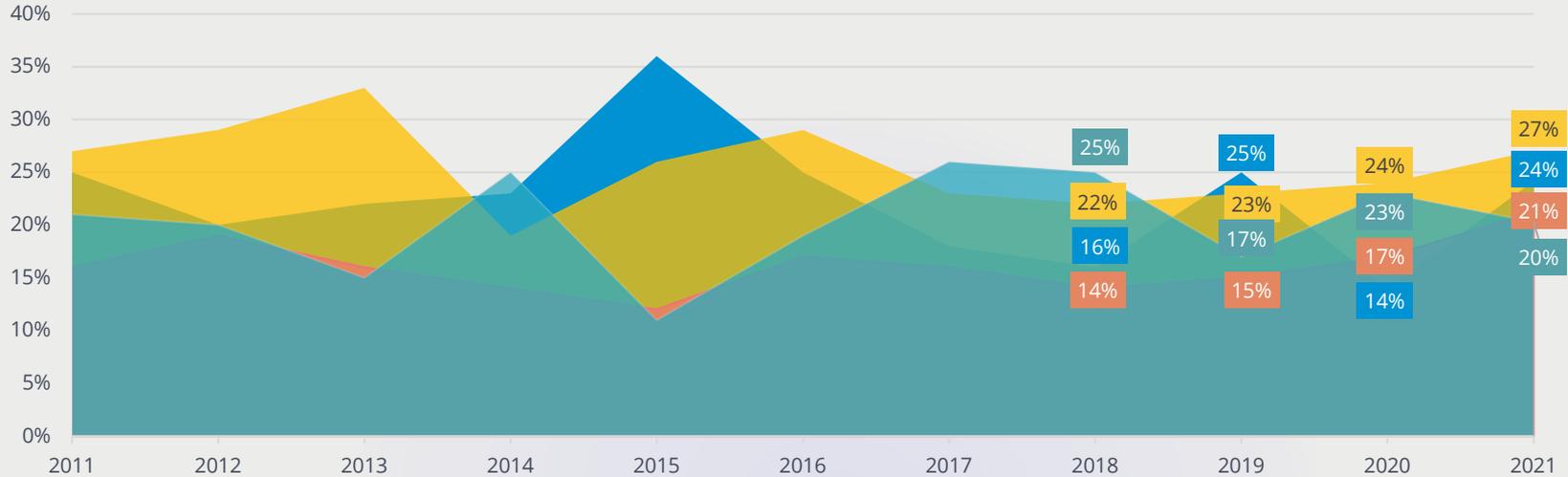
## Perceptions of Canada's Economy – Regional:

The perception of being in a recession is prevalent across all provinces – AB and SK residents continue to be most likely to express this sentiment, as seen in 2019 and 2020, whereas BC and MB residents feel somewhat less likely to be in a recession. Indeed, MB residents, are among the most likely to feel the economy is growing, followed by Quebec (11%).



# Expected Duration of Recession:

Among those who feel there is a recession, two-thirds (69%) do not expect it to be short – more than a quarter (27%) feel it will last for minimum of 13-18 months, while more than two-fifths (42%) anticipate it will go beyond 18 months.



“[IF SAY RECESSION IN PREVIOUS QUESTION] How much longer do you expect the current recession to last for?”  
*Not Shown In Chart: 7% Don't Know*

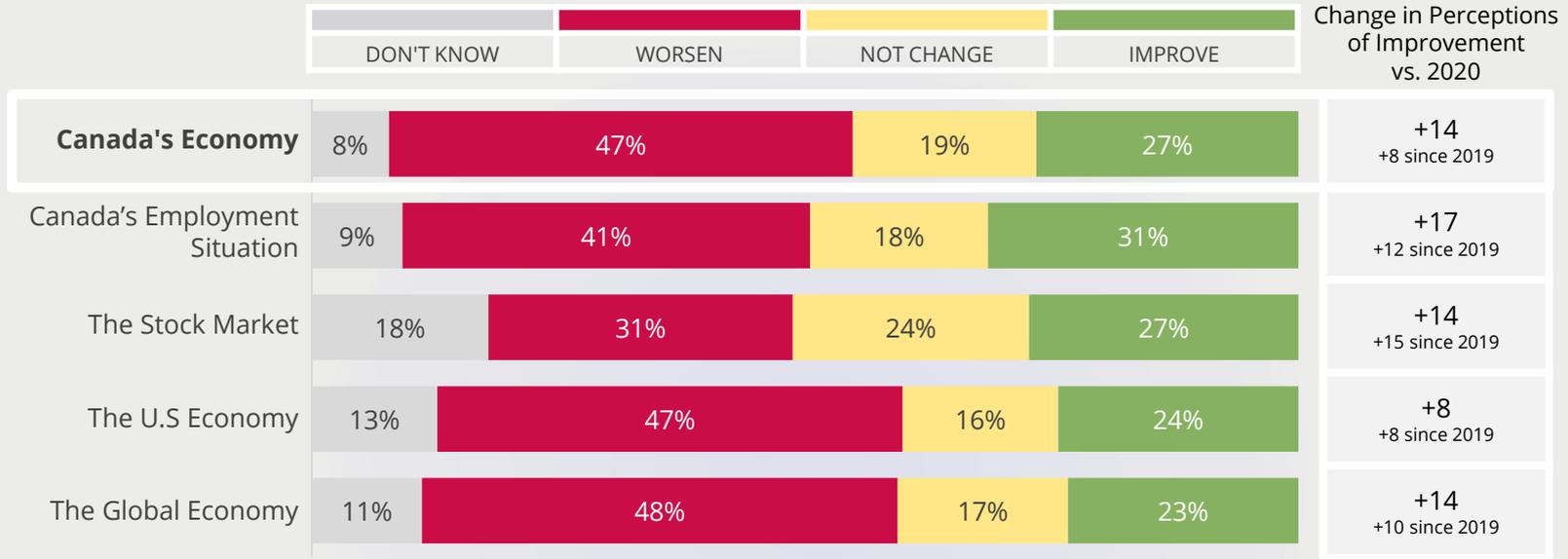
**48%**

Among those who feel there is a recession, feel it will last between 1 to 2 years

-  **6 TO 12 MONTHS**
-  **13 TO 18 MONTHS**
-  **19 MONTHS TO 2 YEARS**
-  **OVER 2 YEARS**

# Expectations for Next 12 Months

Within the context of the COVID-19 pandemic, and the negative outlook for the U.S. and global economy, it is not surprising that pluralities of Canadians have a negative outlook for Canada's economy (47%; +9) and employment situation (41%; +8). The proportion of those saying the economy will worsen, overall, is higher now when compared to 2019 and 2020. However, there are also more Canadians expecting an improved economy in the next 12 months than in previous years.



Over the next twelve months, do you expect each of the following to improve, worsen, or not change?

# Strategic Insights



# The Canadian Public's Micro Outlook

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## Personal Finances

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# Emotional Association with Personal Finances

Despite Canadians' largely negative outlook for the economy, they express a somewhat more positive sentiment (61%; +9) about their own personal finances. This improved sense of financial stability, though counter-intuitive, is likely attributed to pandemic-related reductions in consumer spending, related increases in personal savings, and unprecedented income support from the federal government.

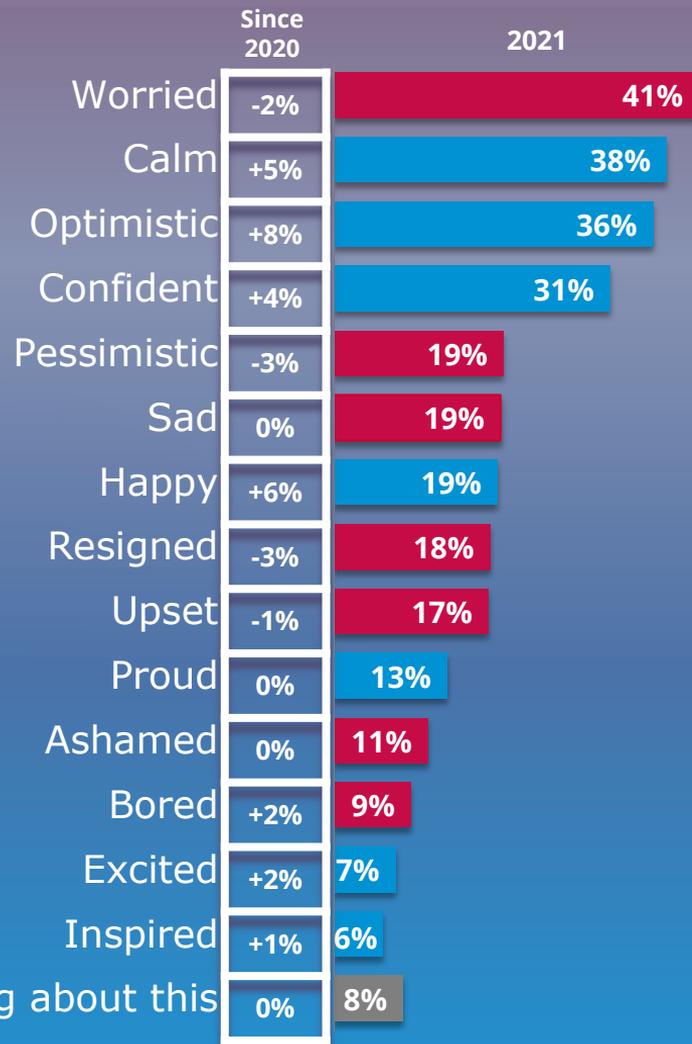
*61% of Canadians feel at least one **positive emotion** about their personal financial situation – a **9-point increase since 2020**.*

*56% of Canadians feel at least one **negative emotion** about their personal financial situation – a **2-point drop since 2020**.*

*Atlantic Canadians (69%) and Quebecers (66%) are **more likely to feel positive emotions**. Men are more likely to feel positively (66%) than women (58%).*



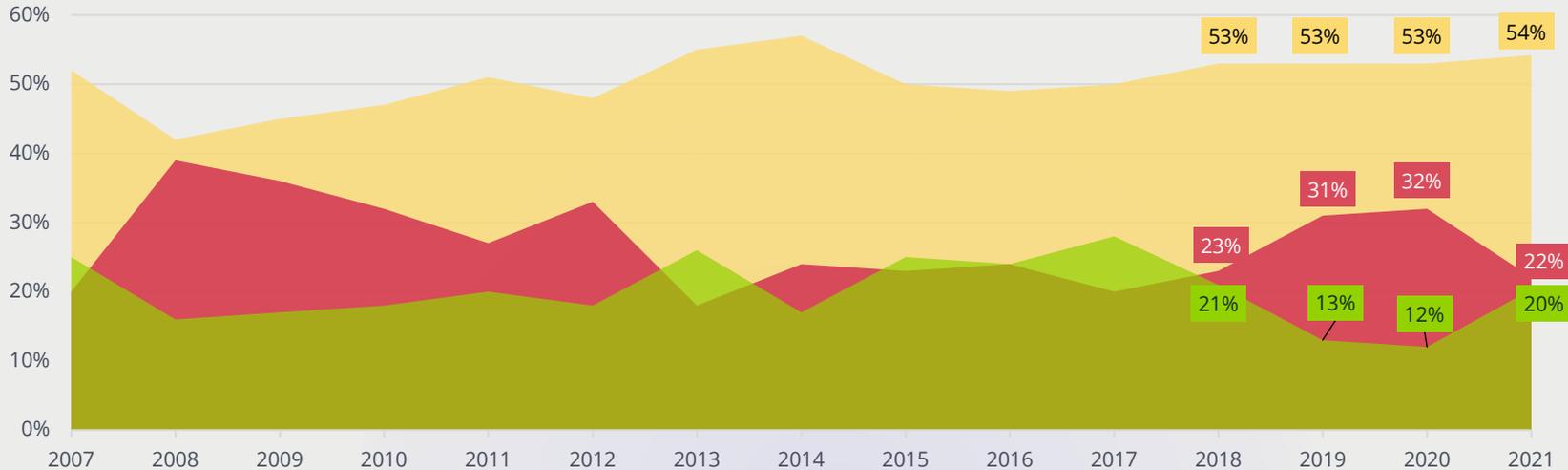
"Please click up to a maximum of 4 words that best describe the feelings that you have about your personal financial situation. If you don't have any feelings about this, please click that option." *Multiple responses accepted. Therefore, total adds up to more than 100%.*



No feeling about this

# Perceived Personal Financial Situation:

Canadian perceptions regarding personal finances are somewhat more positive compared to last year – while half continue to hold their own (54%; +1), one-in-five say they are getting ahead (20%; +8) and fewer say they are losing ground (22%; -10).



“Thinking of your overall financial situation, over the past few years, would you say you are getting ahead, holding your own or losing ground?”  
*Not Shown In Chart: 3% Don't know/Unsure.*



**Saskatchewan (28%)** and **Alberta (27%)** residents are the most likely to be losing ground. **Quebec (32%)** residents are most likely to be getting ahead

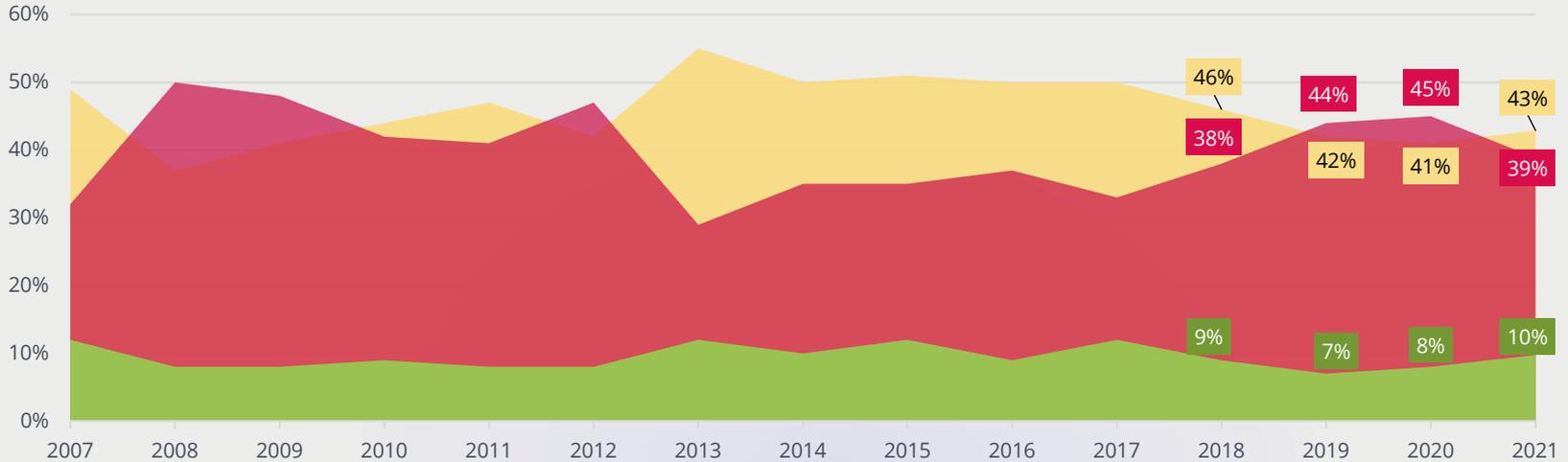
**25%**

**Millennials** most likely to be getting ahead, while GenX are most likely to be losing ground (25%). **Higher income bracket** (\$100K+) are more likely to feel they are getting ahead (31%)

- ▲ **GETTING AHEAD**
- ▲ **HOLDING YOUR OWN**
- ▲ **LOSING GROUND**

# Household Income vs. Cost of Living:

Similarly, fewer feel their household income is falling behind the cost of living (39%; -6). The proportion of those feeling that their income is outpacing (10%; +2), or keeping pace (43%; +2) with, the cost of living is slightly improved.



“Thinking about next year, do you think that your household income in 2021 will...?”

*Not Shown In Chart: 8% Don't know/Unsure.*

**45%**

of **Quebecers** and **Ontarians** are keeping pace compared to 36-39% who are falling behind. **Atlantic Canadians** are more likely to **fall behind (47%)** than keep pace (35%)

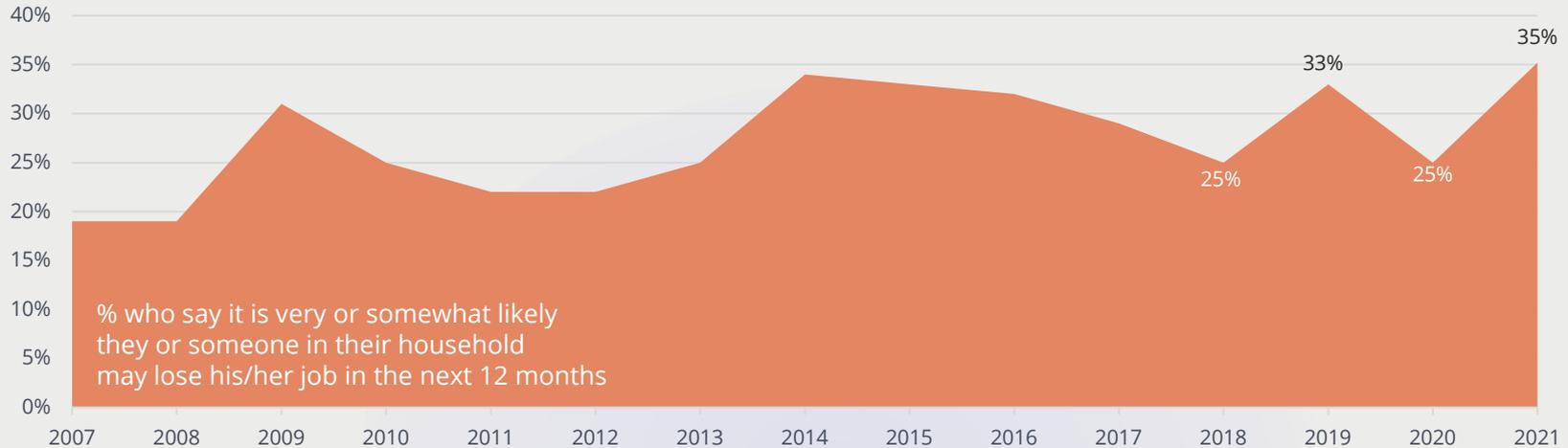
**15%**

**Millennials** are most likely to say they are getting ahead; **Gen X (45%)** and **Boomers (46%)** are falling behind. **Women (42%)** more likely to feel they are falling behind than men (35%).

-  **MORE THAN KEEP PACE**
-  **KEEP PACE**
-  **FALL BEHIND**

# Job Loss Expectations:

Fears of job loss in the household have increased once again (35%; +10), to the largest level recorded in the past 26 years of this tracking study – just slightly above the previous high of 34% in 2014. However, just 8% feel that they or someone in their family would lose their job in the next 12 months, with more feeling it is somewhat likely (28%),



“How likely do you think it is that you or a member of your immediate family may lose his or her job in the next twelve months?”

## 44%

**Millennials** and **43% of Gen Z** are most worried about job losses in the next 12 months, followed by 38% of Gen Xers, while Boomers (22%) are least worried.

## 46%

**Alberta (46%), Ontario (43%) and Saskatchewan (39%)** residents are most likely to expect job loss in 2021. Manitoba (20%) and Atlantic Canada (22%) residents are the least likely to expect job losses.

Strategic Insights

# Perceptions of NAFTA 2.0

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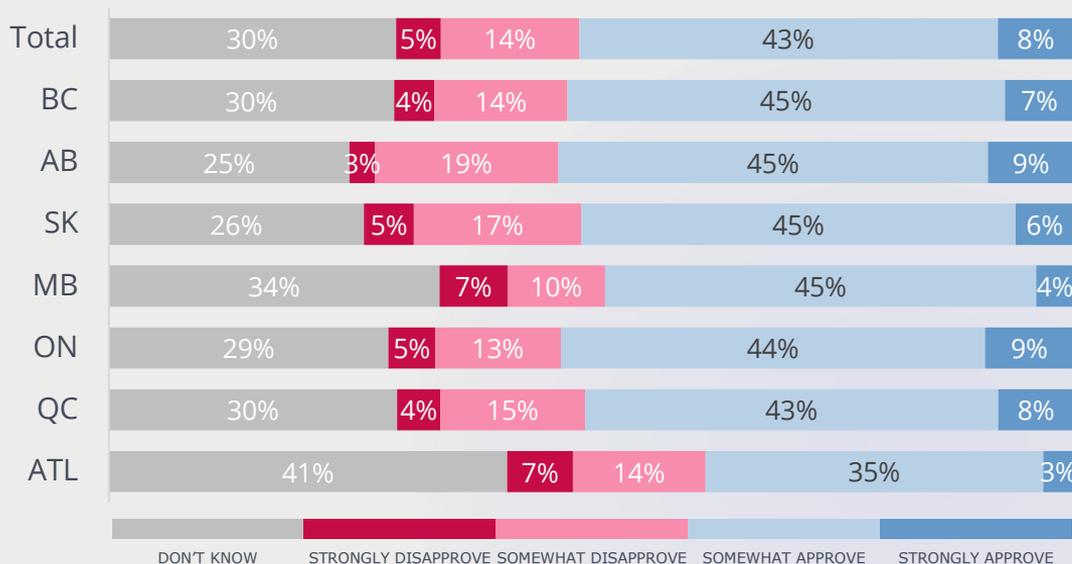
CUSMA

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# Approval of CUSMA Among Canadians

On a related economic matter, our study also found that approval ratings for the new CUSMA free trade agreement (AKA NAFTA 2.0 or USMCA) remain steady since 2019. Half (51%; +1) approve, while 19% (-2) disapprove and 30% are unsure – a level of uncertainty typically recorded for questions concerning free trade agreements as well as low-profile foreign affairs issues. **Importantly, amongst Canadians with an opinion on this matter, almost three quarters (73%) approve**, with just 23% expressing disapproval.

**Approval Ratings:  
New Free Trade Agreement: USMCA**



Dec 2020		Sep 2019		Dec 2018	
Approve	Disapprove	Approve	Disapprove	Approve	Disapprove
<b>51%</b>	<b>19%</b>	50%	21%	35%	37%
<b>52%</b>	<b>18%</b>	45%	19%	36%	31%
<b>53%</b>	<b>22%</b>	50%	20%	34%	38%
<b>51%</b>	<b>23%</b>	48%	17%	43%	35%
<b>49%</b>	<b>17%</b>	58%	19%	31%	29%
<b>53%</b>	<b>18%</b>	50%	21%	40%	35%
<b>51%</b>	<b>19%</b>	50%	24%	28%	44%
<b>38%</b>	<b>21%</b>	53%	19%	24%	42%



"As you may know, during the last Presidential election in the U.S., President Donald Trump promised to negotiate a new version of the North American Free Trade Agreement (NAFTA), or cancel it entirely if the U.S. could not get a better deal. As a consequence, Canada, the U.S., and Mexico spent more than a year negotiating in order to create a new, updated version of NAFTA. In the Fall of 2018, they announced that they had agreed on a deal – a revised version of NAFTA that will replace NAFTA and be given a new name. The Agreement was eventually amended to include a provision to enforce an average minimum wage for Mexican automotive workers of at least \$16 per hour. It was ratified by all 3 countries. The Agreement is often called the United States-Mexico-Canada Agreement (USMCA), but its official name in Canada is the Canada-United States-Mexico Agreement (CUSMA). Based on what you know about it... overall, do you approve or disapprove of this new free trade agreement?"

# Media Spokesperson:

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