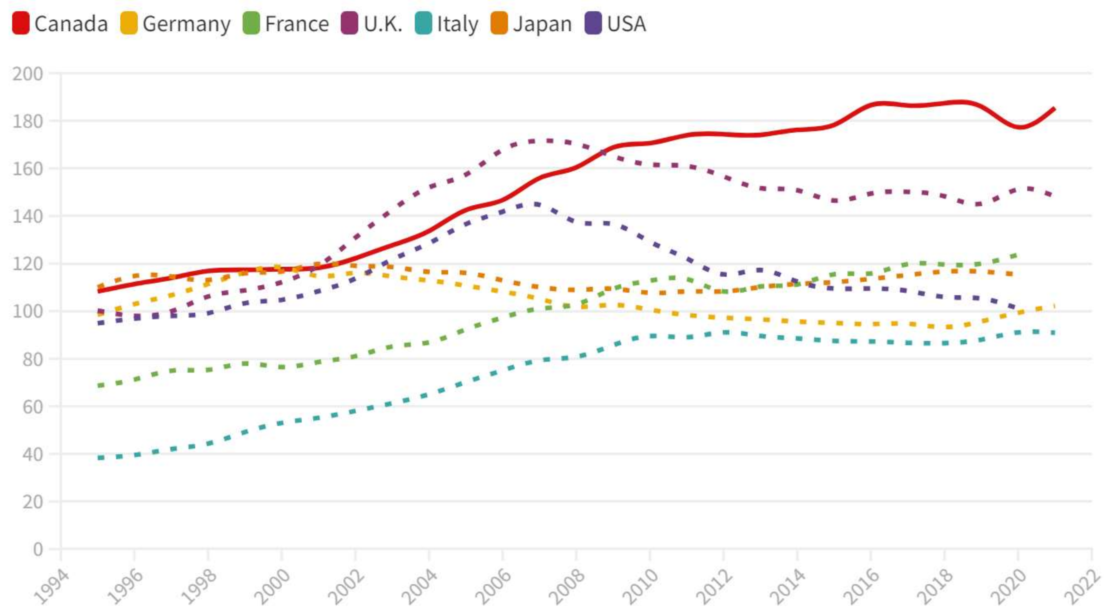
Is it time to review your personal debt?

Yet another interest rate hike was announced on December 7th and given how stretched the average Canadian is, the central bank will be hard pressed to avoid a consumer-led recession in its efforts to curb inflation. As servicing debt gets more expensive there will come a point where discretionary spending will dwindle as household debt continues to soar relative to incomes.

HOUSEHOLD DEBT - HOW CANADA COMPARES TO ITS G7 PEERS

(% of net disposable income, 2021 or latest available)



Source: OECD (2022), Household debt (indicator). doi: 10.1787/f03b6469-en (Accessed on 10 November 2022) •
Chart : Deena Zaidi/CTVNews.ca
All OECD countries compile their data according to the 2008 System of National Accounts (SNA).

The next rate-hike announcement will be January 25th, 2023, and this will be accompanied by a full economic & inflation outlook. It will be interesting to see how consumer spending this holiday season will influence the announcement and outlook.

The long game wins, even when it feels uncomfortable.

Smart investing can be counter intuitive.When it feels like it is the worst time to own stocks, it is often the best time. The following chart illustrates stock market performance (represented by total return of the U.S. S&P 500® Index) during the most troubled economic times over the last 100 years.

Past performance is no guarantee of future results. It is not possible to invest directly in an index. First 3 dates determined by best 5-year market return subsequent to the month shown. Sources: Ibbotson, Factset, Fidelity.