

Canadian households are racking up more debt, poll suggests

Average Canadian household owes \$92,699, BMO poll suggests

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A new poll suggests Canadian households are piling on more debt and plan to borrow more in the short term, even though a slight rise in interest rates would "stress" most of them out.

In BMO's Annual Debt Report, the average household debt of those surveyed is \$92,699, more than \$4,000 higher than the four-year average dating back to 2012. And servicing that debt, which includes mortgages, lines of credit and credit card debt, is costing \$1,165 a month.

Nearly half (46 per cent) feel some stress about those figures, but they're still not as stressed as those surveyed in the past two previous years, suggesting many don't anticipate a rise in interest rates.

Two-thirds admit, though, they would feel stressed if interest rates rose by two percentage points.

"The sizeable number of indebted households that would feel very strained by a relatively moderate increase in interest rates is concerning," said Sal Guatieri, senior economist of BMO Capital Markets. "This is a worrisome side effect of a prolonged period of low interest rates and needs to be closely monitored, especially if rates continue to fall."

Canadians carrying debt will be watching the Bank of Canada's next interest rate announcement July 15. Economists remain split over whether the Bank will hold or cut rates. A rate hike appears off the table — for now.

Statistics Canada says the [debt-to-income ratio of Canadian households stands at 163.3 per cent](#). That means for every dollar Canadians earn, they owe \$1.63 in debt, which is just barely lower than the record level measured last year.

BMO's new poll finds many Canadians — 46 per cent in this case — are optimistic they can still have all of their debt paid off in less than five years.

The survey was conducted by Pollara and is based on interviews with an online sample of 1,001 Canadians conducted between June 19 and June 22.

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