

Household net worth recovers from recession

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Rising stocks and home prices helped restore almost all of the value Canadians lost in household net worth during the economic downturn.

Household net worth rose 1.3 per cent, or by \$74 billion, to \$6 trillion, as the growth in the value of assets, particularly equities and residential real estate, exceeded the increase in liabilities, Statistics Canada reported Monday.

"This marks the fourth consecutive quarterly improvement in household net worth and reflects a 96 per cent recovery off the net worth lost during the recent economic downturn," David Onyett-Jeffries, economist at RBC Economics Research, wrote in an analysis. "The increase of household net worth continues to repair the cumulative \$552-billion decline."

Household debt has also risen as low interest rates have encouraged Canadians to increase borrowings, but that has led to strengthening in demand and asset prices, particularly housing, Onyett-Jeffries said.

The ratio of household credit-market debt to income rose to 147 per cent from 144.9 per cent in the fourth quarter, while other consumer loan growth slowed.

Meanwhile, the federal agency also reported that national net worth -- national wealth minus net foreign liabilities -- edged up 0.6 per cent, or more than \$38 billion, to \$6.2 trillion in the first quarter.

On a per capita basis, national net worth reached \$181,500, up from \$180,900 in the previous quarter, Statistics Canada reported.

Total government debt rose, climbing 2.1 per cent to \$1.7 trillion as borrowings by all levels of government increased as bond issuance rose, especially by the federal government.

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