

CHARTING with KARIM

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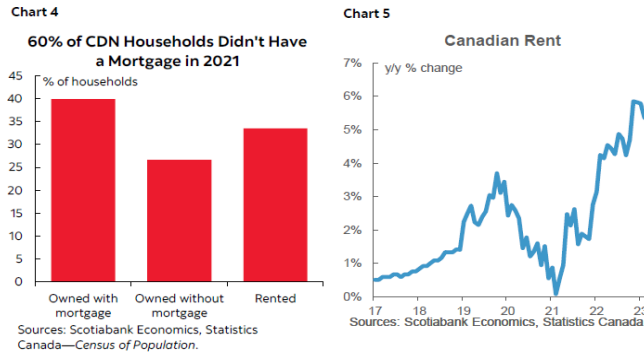
Here are this week's featured market charts:

Welcome to "Charting with Karim" - a weekly document that showcases a collection of interesting and informative charts. In this weekly report, I aim to provide readers with a collection of charts on the markets and the economy that I hope you will find engaging and informative. Whether you are a seasoned investor, a market enthusiast, or simply interested in staying up to date with the latest data and trends, "Charting with Karim" has something for everyone. So, sit back, relax, and join us on a journey through the week's most fascinating chart. I welcome any suggestions or feedback you have.

ONE:

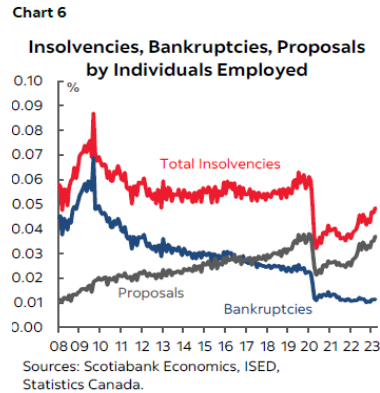
With interest rates expected to stay "higher for longer", the housing market will likely remain an important area of focus for Canada's economy in the coming quarters. Below we highlight several charts that help provide a high-level overview of Canadian housing market.

Despite ongoing concerns about borrowing costs, it's worth noting that a majority of households in Canada don't have a mortgage (see charts below). "60% of households in Canada don't even have a mortgage according to Census data.



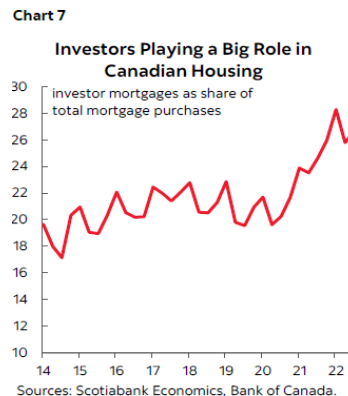
TWO:

The weakest mortgage borrowers are under pressure but impact on bankruptcies likely manageable (see chart below). "Of the 40% of households who own their homes with a mortgage, it's the tail of the distribution that is the most pressured who took out new mortgages or refinanced at the peak for house prices and the trough in borrowing costs over 2020–21. As variable rates get repriced higher, households are driving higher proposals to work with lenders, but bankruptcies remain rock bottom.



THREE:

Investors comprise a larger portion of recent mortgage borrowers (see chart below). "Investors have been accounting for about one-in-four new mortgage purchases according to the Bank of Canada.



FOUR:

Faster population growth is exacerbating housing supply challenges (see charts below). "Higher immigration is driving the fastest population growth for Canada among major economies as immigration targets rise.

Chart 9

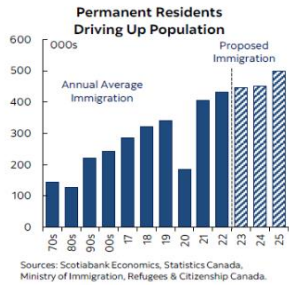
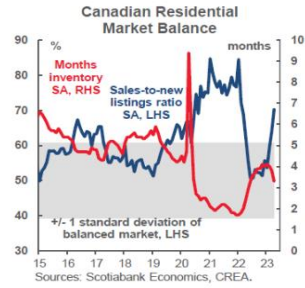


Chart 10



Chart 11

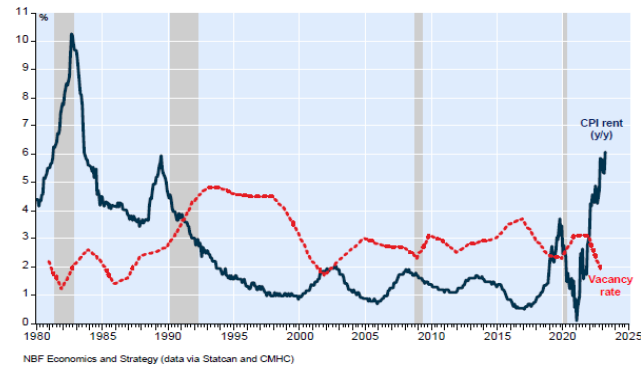


FIVE:

Weakness in residential investment likely to exert sustained upward pressure on rents (see chart below). The latest Canadian GDP report showed "that real residential investment fell 14.6% in Q1 2023, the fourth consecutive double-digit decline and the worst such streak since 1995. The working-age population has already increased by a record 270,000 in the first 4 months of 2023. Canada's rental vacancy rate is already at A generational low.

Canada: Residential investment decline = surging rents

CPI for rent and vacancy rate for residential rental units



RIVETING READINGS!



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Thank you,

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