

## ▶ Saskatoon consumer and business bankruptcies on the decline

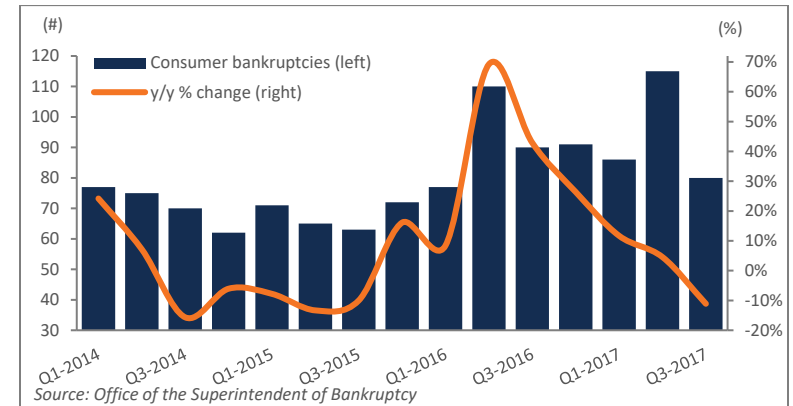
- **Consumer bankruptcies in Saskatoon are coming down.** On quarterly unadjusted basis, 80 consumers filed for personal bankruptcies in Q3-2017, 11.1% fewer than the same quarter last year. Over the same period, the number of consumer bankruptcy proposals fell by 8.8%. Despite the quarterly declines, consumer bankruptcies and proposals are slightly higher in the first three quarters of 2017 than a year ago.
- **Business bankruptcies halved in Q3.** Only four businesses declared bankruptcy in Q3, half the number recorded in Q2. However, with a year-to-date bankruptcies (15) already tracking above 2015 and 2016 totals, more business failures can be expected this year. Encouragingly, only two business bankruptcy proposals have been recorded so far this year.
- **In 2016, Saskatoon had the third lowest consumer insolvency rate and the second highest business insolvency rate in Western Canada.**

**“Overall, declining consumer and business insolvencies in Q3 is a good sign for the near term economic outlook of the Saskatoon Region. The modest (+0.7%) year-to-date increase in total insolvencies was widely anticipated following two successive rate hikes in July and September. As the economy picks up in 2018, we expect bankruptcy filings to be subdued. However, elevated levels of household debt and rate hikes are worth keeping an eye on, as they could lead to upward pressure on bankruptcy filings in the future.”**

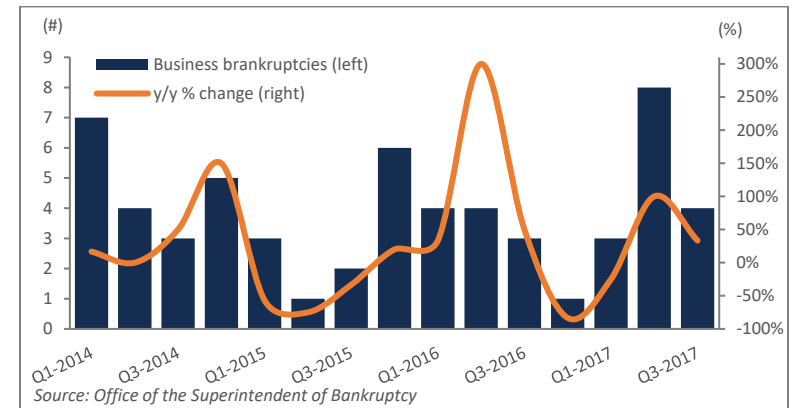
*Gabriel Dzathor, Manager – Economic Forecasting and Analysis*

**Note:** Bankruptcy proposal is an offer to creditors to settle debts under conditions other than the existing terms, which generally allow them to recover more than they would in a bankruptcy. Overall, bankruptcy amounts to a business-failure.

### Consumer bankruptcies in Saskatoon coming down...



### Business bankruptcies halved in Q3-2017...



**Table 1: Saskatoon consumer and business insolvencies**

	2015	2016	YTD 2017	Q1-2017	Q2-2017	Q3-2017
<b>Consumer bankruptcies</b>	271	368	281	86	115	80
<b>Consumer proposals</b>	292	403	313	97	112	104
<b>Business bankruptcies</b>	12	12	15	3	8	4
<b>Business proposals</b>	2	8	2	1	1	0
<b>Total insolvencies</b>	<b>577</b>	<b>791</b>	<b>611</b>	<b>187</b>	<b>236</b>	<b>188</b>

Source: Office of the Superintendent of Bankruptcy

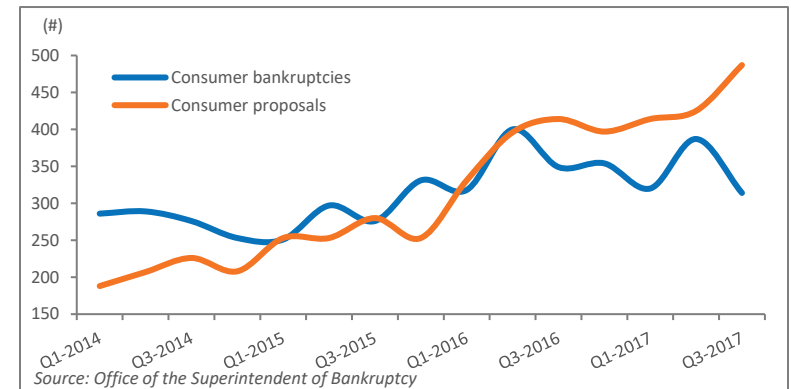
► **Provincially, fewer consumer and business are filing for bankruptcies but more people are opting to renegotiate payment terms to avoid bankruptcy**

- **Consumer bankruptcies recede while proposals increase.** On quarterly unadjusted basis, 314 Saskatchewanans filed for bankruptcies in Q3-2017, 10.0% fewer than the same quarter last year and the lowest since Q3-2015. While the number of consumer bankruptcies has receded, the number of proposals continue to climb, jumping 17.6% (y/y) to 487 in Q3-2017.
- **Business bankruptcies and proposals are down sharply.** In Q3, 18 businesses declared bankruptcy, a significant drop (-18.2%) from same quarter last year; four successfully submitted proposals to avoid bankruptcy.
- **More than half of business bankruptcies and proposals came from the construction industry.** 55% (or 12 out of the 22) of the insolvencies filed in Q3 came from the construction industry, particularly residential building construction and related specialty trade contractors. The rest include transportation & warehousing (three), retail (two), professional, science & technology services (two) and accommodation & food services (one).
- **In 2016, Saskatchewan had the third lowest consumer insolvency rate and the sixth highest business insolvency rate in Canada.**

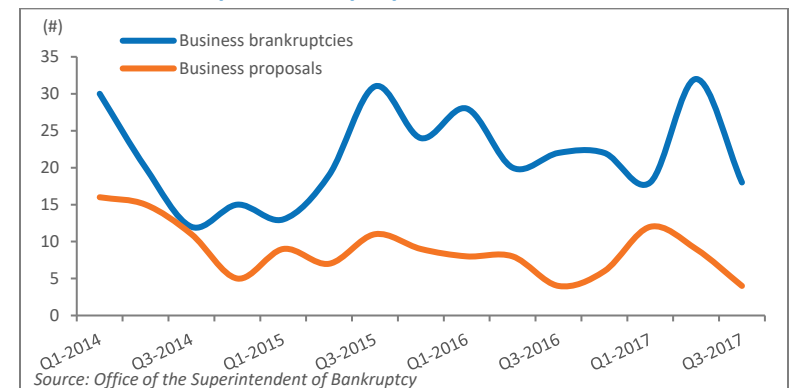
“Even though recent rate hikes has made borrowing a little more expensive, business failure rates are down, which bodes well for the provincial economy. It is however concerning that the construction sector accounts for the majority of insolvencies in Q3.”

*Gabriel Dzathor, Manager – Economic Forecasting and Analysis*

**Consumer bankruptcies recede while proposals increase...**



**Business bankruptcies and proposals down...**



**Table 2: Saskatchewan consumer and business insolvencies**

	2015	2016	YTD 2017	Q1-2017	Q2-2017	Q3-2017
<b>Consumer bankruptcies</b>	1,155	1,421	1,021	320	387	314
<b>Consumer proposals</b>	1039	1538	1326	414	425	487
<b>Business bankruptcies</b>	87	92	68	18	32	18
<b>Business proposals</b>	36	26	25	12	9	4
<b>Total insolvencies</b>	<b>2,317</b>	<b>3,077</b>	<b>2,440</b>	<b>764</b>	<b>853</b>	<b>823</b>

Source: Office of the Superintendent of Bankruptcy

Source: Statistics Canada Table 282-0087 (seasonally adjusted)