

Economics

THE WEEK AHEAD

June 22 - 26, 2026

Tax deductibility, not rent control, is the right way to support rentersby Benjamin Tal benjamin.tal@cibc.com

The Manitoba government has introduced Bill 13, known as the Residential Tenancies Amendment Act, which aims to broaden rent control measures across the province. Proposed regulatory changes under this bill will raise the rent exemption threshold, meaning units renting for up to \$2,000 per month (previously \$1,670) will now be subject to annual rent increase guidelines. Additionally, the bill reduces by half the portion of capital expenses that landlords can transfer to tenants through above-guideline rent increases. This note does not focus on Manitoba's specific circumstances, instead, it examines the risks associated with rent control in general and proposes an alternative approach to safeguarding tenants.

It goes without saying that rent control policies come from a good place, but despite the good intentions, economic theory consistently shows that artificially capping rents below market rates leads to a decline in both the quantity and quality of rental housing. Developers become less inclined to build new rental properties, which worsens supply shortages. In addition, tenants are more likely to remain in their units, reducing turnover, while landlords — facing capped returns — often cut back on maintenance and upkeep. The result is less mobility, and a market where long-term beneficiaries may no longer need assistance, limiting help for those who do.

These concerns are not just theoretical. Cities like New York, where about half of all apartments are under rent control, have seen chronic shortages in the uncontrolled segment, driving up prices elsewhere. Rent-controlled units are also more likely to suffer from poor maintenance. Stockholm provides another example, with wait times for rent-controlled apartments averaging nine years. Ontario's history with rent control, which began as a temporary measure in 1975, demonstrates similar unintended consequences: reduced new construction, deterioration of rental stock, and the emergence of black-market practices such as "key money." A University of Toronto

study found that these policies ultimately led to higher rents for new units, less supply, and greater government costs.

Given this evidence, the path to true affordability lies in expanding the supply of rental housing, not in imposing price controls. While the appeal of rent control is understandable, the policy often backfires. Policymakers should make it clear that not only is rent control no longer on the agenda, but that it will not be on the agenda in the future.

But getting new supply to market takes time. What can be done to help renters in the here and now? One policy option to consider is allowing renters to deduct a portion of their rent from their taxable income — mirroring a benefit that homeowners already receive through the principal residence capital gains exemption. Introducing a rental tax deduction could level the playing field, offer relief to low- and middle-income Canadians, and make housing more affordable in high-demand markets.

Allowing a portion of rent to be written off could have several positive effects. First, it would provide immediate financial relief for renters, especially those in urban centres where rents are high relative to income. Second, it would introduce greater fairness into the tax system by recognizing the housing costs faced by both renters and owners. Third, it could encourage greater mobility, as renters may be less financially constrained when considering relocation for work or family reasons. To avoid unintended consequences the deductible amount should be capped. The closest arrangement to such a system is the Solidarity Tax Credit in Quebec where some renters received tax credit based on rent paid and income.

Rather than employing policies that have shown through the years to be not only ineffective but, in fact, harmful, the focus should be on other ways to support renters via increased supply and the tax system.

Week Ahead Calendar And Forecast—Canada

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, June 22	-	AUCTION: 10-YR CANADAS \$5B	-	-	-	-	-
Monday, June 22	8:30 AM	CPI M/M	(May)	(H)	0.9%	0.7%	0.4%
Monday, June 22	8:30 AM	CPI Y/Y	(May)	(H)	3.1%	3.0%	2.8%
Monday, June 22	8:30 AM	CONSUMER PRICE INDEX	(May)	(M)	-	169.2	168.0
Monday, June 22	8:30 AM	CPI Core- Median Y/Y%	(May)	(M)	2.1%	2.1%	2.1%
Monday, June 22	8:30 AM	CPI Core- Trim Y/Y%	(May)	(M)	2.0%	2.0%	2.0%
Tuesday, June 23	9:00 AM	Speaker: Tiff Macklem (Governor)	-	-	-	-	-
Wednesday, June 24	1:15 PM	Speaker: Carolyn Rogers (Sr. Deputy Gov.)	-	-	-	-	-
Wednesday, June 24	1:30 PM	Publication: Summary of Deliberations	-	-	-	-	-
Thursday, June 25	-	AUCTION: 2-YR CANADAS \$5.5B	-	-	-	-	-
Thursday, June 25	8:30 AM	PAYROLL EMPLOYMENT, EARNINGS & HRS	(Apr)	-	-	-	-31.8K
Friday, June 26	-	-	-	-	-	-	-

Week Ahead Calendar And Forecast—United States

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, June 22	9:00 AM	Speaker: Christopher J. Waller (Governor) (Voter)	-	-	-	-	-
Tuesday, June 23	-	AUCTION: 2-YR TREASURIES \$69B	-	-	-	-	-
Tuesday, June 23	8:30 AM	PHILADELPHIA FED NON-MANUFACTURING	(Jun)	(M)	-	-	-23.6
Tuesday, June 23	9:45 AM	S&P GLOBAL US SERVICES PMI	(Jun P)	(L)	-	51.0	50.7
Tuesday, June 23	9:45 AM	S&P GLOBAL US COMPOSITE PMI	(Jun P)	(L)	-	-	51.5
Tuesday, June 23	9:45 AM	S&P GLOBAL US MANUFACTURING PMI	(Jun P)	(L)	-	54.6	55.1
Tuesday, June 23	10:00 AM	RICHMOND FED MANUF. INDEX	(Jun)	(M)	-	8.0	13.0
Wednesday, June 24	-	AUCTION: 5-YR TREASURIES \$70B	-	-	-	-	-
Wednesday, June 24	-	AUCTION: 2-YR FRN \$28B	-	-	-	-	-
Wednesday, June 24	7:00 AM	MBA-APPLICATIONS	(Jun 19)	(L)	-	-	-3.8%
Wednesday, June 24	8:30 AM	CURRENT ACCOUNT BALANCE	(1Q)	(L)	-	-\$227.0B	-\$190.7B
Wednesday, June 24	10:00 AM	NEW HOME SALES SAAR	(May)	(M)	640K	640K	622K
Wednesday, June 24	10:00 AM	NEW HOME SALES M/M	(May)	(M)	3.3%	3.5%	-6.2%
Thursday, June 25	-	AUCTION: 7-YR TREASURIES \$44B	-	-	-	-	-
Thursday, June 25	8:30 AM	INITIAL CLAIMS	(Jun 20)	(M)	-	225K	226K
Thursday, June 25	8:30 AM	CONTINUING CLAIMS	(Jun 13)	(L)	-	1803K	1810K
Thursday, June 25	8:30 AM	PCE DEFLATOR Y/Y	(May)	(H)	4.0%	4.1%	3.8%
Thursday, June 25	8:30 AM	PCE DEFLATOR Y/Y (core)	(May)	(H)	3.4%	3.4%	3.3%
Thursday, June 25	8:30 AM	PERSONAL INCOME M/M	(May)	(H)	0.4%	0.4%	0.0%
Thursday, June 25	8:30 AM	PERSONAL SPENDING M/M	(May)	(H)	0.5%	0.6%	0.5%
Thursday, June 25	8:30 AM	CHICAGO FED NAT.ACTIVITY INDEX	(May)	(M)	-	-	0.1
Thursday, June 25	8:30 AM	DURABLE GOODS ORDERS M/M	(May P)	(H)	4.0%	-4.7%	8.0%
Thursday, June 25	8:30 AM	DURABLE GOODS ORDERS EX-TRANS M/M	(May P)	(H)	0.3%	0.5%	1.1%
Thursday, June 25	8:30 AM	GDP (annualized)	(1Q T)	(H)	-	1.7%	1.6%
Thursday, June 25	8:30 AM	GDP DEFLATOR (annualized)	(1Q T)	(H)	-	3.5%	3.5%
Thursday, June 25	3:40 AM	Speaker: John C. Williams (Vice Chairman, New York) (Voter)	-	-	-	-	-
Thursday, June 25	6:30 PM	Speaker: Austan D. Goolsbee, Chicago (Non-Voter)	-	-	-	-	-
Friday, June 26	8:30 AM	ADVANCE GOODS TRADE BALANCE	(May)	(M)	-\$85.0B	-\$85.1B	-\$83.0B
Friday, June 26	8:30 AM	RETAIL INVENTORIES M/M	(May)	(H)	-	-	0.7%
Friday, June 26	8:30 AM	WHOLESALE INVENTORIES M/M	(May)	(L)	-	0.2%	0.6%
Friday, June 26	10:00 AM	MICHIGAN CONSUMER SENTIMENT	(Jun)	(H)	-	50.0	48.9
Friday, June 26	11:30 AM	Speaker: Neel Kashkari (Minneapolis) (Voter)	-	-	-	-	-

Week Ahead's market call

by Helen Lao and Andrew Grantham

In the **US**, we will likely see the savings rate dip lower in May, April was already the lowest since Jun 2022. With hot inflation still eating away at consumers' purchasing power and dwindling savings, it is questionable how long the strength of American consumption can continue. It is clear with this week's FOMC meeting that price stability is on the Fed's mind, but whether the Fed will actually hike will depend on incoming inflation data. We will get another data point next Thursday with May PCE inflation.

In **Canada**, inflation may accelerate a little more than consensus expectations in May, albeit largely due to higher gasoline prices which have subsequently fallen back down. While core measures of inflation may not look as weak as in the prior two months, the trend will remain unthreatening and consistent with the Bank of Canada remaining on hold.

Week Ahead's key Canadian number: Consumer price index—May

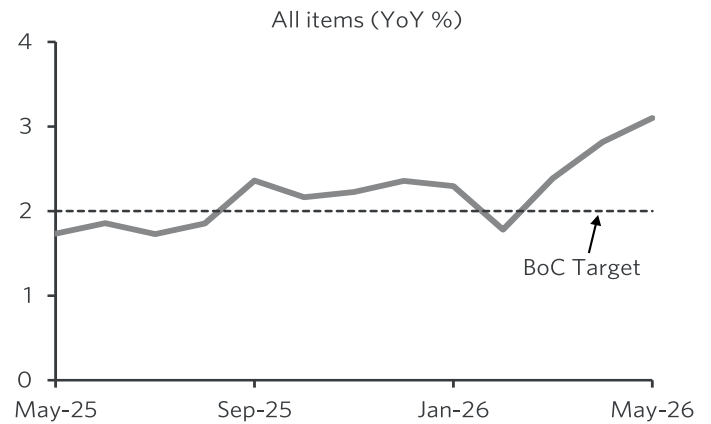
(Monday, 8:30 am)

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Variable (%)	CIBC	Mkt	Prior
CPI NSA (m/m)	0.9	0.7	0.4
CPI (y/y)	3.1	3.0	2.8

Headline inflation is likely to have accelerated further in May, although with oil and gasoline prices now falling next week's print should mark the peak. The 3.1% year-over-year pace, up from 2.8% in the prior month, will be driven largely by a further acceleration in gasoline prices. Core measures of inflation could look a little stronger on a monthly basis, with telephone services and travel tours unlikely to be as disinflationary as they were in the prior month. Airfares may have also accelerated as companies passed through higher fuel costs, although the inflationary pressures from this may show up more fully during the peak summer travel months.

Chart: Canadian consumer price index



Source: Statistics Canada, Haver Analytics, CIBC

Forecast implications — With oil prices having now retreated, May's figure should prove to be the peak for headline inflation. Core measures of inflation will likely accelerate a little further in the months ahead, as CPI data picks up the rise in airline fares linked to higher fuel prices coupled with some temporary pressures stemming from the FIFA World Cup. However, that too should fade again later in the year, enabling the Bank of Canada to keep interest rates on hold throughout 2026.

Week Ahead's key US number: Personal income & outlays—May

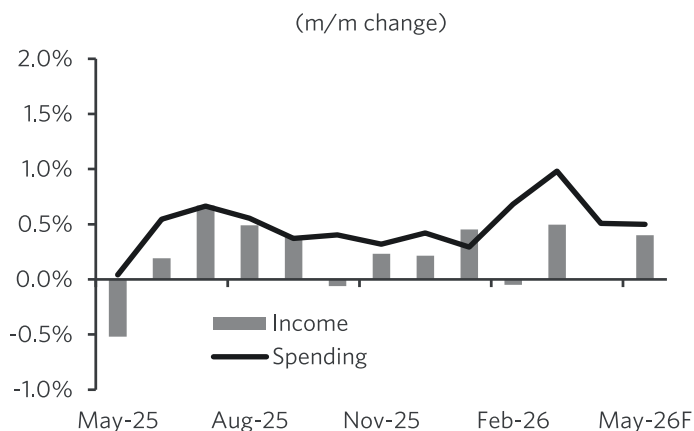
(Thursday, 8:30 am)

Helen Lao helen.lao@cibc.com

Variable (%)	CIBC	Mkt	Prior
Personal income (m/m)	0.4	0.4	0.0
Personal spending (m/m)	0.5	0.6	0.5
Core PCE price index (y/y)	3.4	3.4	3.3

This week's May retail sales showed American consumers remained resilient despite higher energy prices. The headline retail sales grew 0.9% m/m in May with broad-based increase but services likely grew less than that, leading us to pencil in an overall personal spending growth of 0.5%. May's non-farm payroll implies a 0.4% increase in wages and salaries which is what we expect for the monthly growth of personal income. May core CPI grew 0.2% in May, but strength in May PPI suggests that core PCE monthly growth could be marginally higher, leading the year-over-year core PCE inflation to tick up a touch from 3.3% to 3.4% in May.

Chart: US personal income and spending



Source: BEA, Haver Analytics, CIBC

Forecast implications — We expect personal spending to grow faster than income in May, this implies that the saving rate will likely dip lower. The level of savings is very low relative to the historical average and we continue to expect consumers will likely pull back spending going forward as tax season is behind us and higher inflation limits consumers' purchasing power.

Other US Releases: Durable goods—May

(Thursday, 8:30 am)

After a nearly 8% m/m jump in April driven by a boost from the volatile transportation component, we expect May durable goods to decline by 4%. Excluding transportation, durable goods likely grew by a more modest 0.3% in May as strong AI demand likely still supportive of durable goods orders.

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