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Bank of Canada holds benchmark rate steady again

The Bank of Canada announced today that it is holding the benchmark interest rate unchanged at 0.5%, noting that "growth in the 3rd quarter rebounded strongly, but more moderate growth is anticipated in the 4th" and that "a significant amount of economic slack remains in Canada." Bond yields have crept higher since the U.S. election, reflecting "market anticipation of fiscal expansion in a U.S. economy that is near full capacity." Higher bond yields have caused our fixed mortgage rates to rise in conjunction.

This fall, the Ministry of Finance introduced four new mortgage tightening measures intended to cool the housing markets (aimed primarily at Vancouver and Toronto), reduce foreign investor home flipping, and control the levels of Canadian household debt. The Ministry also has introduced risk sharing on mortgages for the Chartered Banks which puts upward pressure on mortgage rates as lenders need to set aside higher levels of capital for certain types of funds. More than half of Canada's $1.4 trillion home loan market is made up of insured mortgages with all of the risk on the Canadian taxpayer – and that is now changing. On November 1, one of the Chartered Banks' mortgage prime rate for variable mortgages jumped 0.15 points to 2.85 per cent, and it's expected others may follow.

The Central Bank has predicted throughout 2016 that it expects oil prices and the Canadian dollar to stay close to the $49 US for a barrel of crude (currently around $51.85 US per barrel at December 5th), and 77 cents US for the Canadian dollar (currently at 75 cents US at December 5th). Low interest rates help keep the Canadian dollar low which in turn aids our export market, however global demand for our products has stalled. The European Union members' debt crisis, global oil-price collapse, and Brexit have undermined markets and consumer confidence. In addition, the uncertainty over our trade position with the U.S. as a result of the U.S. election is expected to delay capital spending and business investment in Canada.

We expect to see interest rates staying low in Canada well into 2020 and the benchmark interest rate can be cut further if the Canadian economy continues to contract. The Bank of Canada believes it must continue its monetary policy of ultra-low rates to control inflation, stimulate other sectors of the economy besides housing and spur our Canadian export market.

Professional mortgage advice has never been more important. Get in touch today for expert mortgage advice tailored to your situation and local market conditions, and access to as many options as possible if you are planning a purchase, or want to use today's low rates to refinance and save thousands by moving your high interest debt to your low-rate mortgage.

We regularly receive short-term rate promotions that are not posted online, which means our rates change frequently. Please contact us for these unpublished rate specials.

Terms	Posted Rates	Our Rates
6 MONTHS	3.14%	3.10%
1 YEAR	3.04%	2.29%
2 YEARS	2.84%	2.14%
3 YEARS	3.44%	2.34%
4 YEARS	3.89%	2.49%
5 YEARS	4.64%	2.69%
7 YEARS	5.30%	3.09%
10 YEARS	6.10%	3.69%

Rates are subject to change without notice. OAC E&OE

Prime Rate	**2.70%**
5 yr variable	**2.30%**

Crunch the numbers and explore different scenarios with our website calculators.