<u>MARKET UPDATE: April 17th, 2025:</u>

Hello Again! I hope all is well with you and your family! And I hope the start of spring has gone well! (At least the sun is shining brightly today!!)

The Bank of Canada (BoC) met yesterday to discuss monetary policy. And after dropping rates at 7 straight meetings dating back to June of 2024 they decided to move to the sidelines for this meeting. Prime still sits at 4.95% (except for at TD, who has TD Prime at 5.10%).

As of yesterday morning, it seemed about 50/50 whether the BoC would drop rates or sit tight. That number was changing pretty much hourly over the previous two weeks thanks to Trump and his on-again, off-again tariffs. But it seems the BoC wants another 6 weeks to see how things go before potentially dropping rates again. They did say they don't want to get ahead of themselves and guess as to what to do with their monetary policy.

Most economists still believe we will see 0.50% or more of drops in 2025. With the Canadian Dollar Strengthening (up around 72 cents vs the US Greenback as I write this...vs below 69 cents just a couple weeks ago), and with the US Fed expected to drop rates by anywhere from 0.50%-1% in 2025, there should be room for drops if the BoC feels it is needed. Based on slowing inflation and job creation here in Canada, it certainly seems likely drops will come if those trends continue.

HERE ARE THE MOST RECENT PROJECTIONS FROM THE BIG SIX BANK ECONOMISTS (as of Monday April 14th...unless otherwise stated)....

-BMO....0.75% drop in Prime before the end of 2025. This was their position on Monday and was reiterated again yesterday.
-National Bank....0.75% drop in Prime before the end of 2025.
-CIBC, RBC and TD....0.50% drop in Prime before the end of 2025.
-Scotiabank...still the outlier...no more drops in Prime.

Let's hope the masses are correct here and not Scotia's economists!!
I guess time will tell. The odds of a drop at the June 4th meeting will increase if the incoming economic data over the next month or so continue to show a slowing economy and inflation under control.

<u>TODAY'S MORTGAGE RATES:</u>

Fixed rates continue to creep down....(albeit, we had a short-term blip over the last 2 weeks where fixed rates actually went up a little bit...call it an unintended consequence of LIBERATION DAY!! When Trump announced tariffs on the world, that caused the stock markets to crash. This triggered margin calls for many investors and funds. They didn't want to cash out stocks that were way down, so they cashed their US Bonds, which caused bond yields to increase by as much as

0.60% in the USA and that trickled over to every other country's bond market as well. It appears now that we can resume the slow but steady creep back downwards as we move forward…at least while we have a 90 day pause on the tariffs from Trump).

HERE ARE TODAY'S RATES:

For Purchases with LESS than 20% down payment….

-The 5 year fixed rate is now around 4.09%-4.19% at most lenders. This is down about 0.2% since mid-March. But it did get down to about 3.89% prior to Trump ruining the world's bond markets over the last couple of weeks by cratering the world's stock markets in and around "Liberation Day".

-The best 5 year variable term is now down to Prime less 0.75% (or 4.20% as of today).
This is 0.10% HIGHER than we had available in March.

-The 3 year fixed rate is now around 4.04%-4.14% at most lenders. It made it as low as 3.99% in March.

For Purchases with 20% down payment ….

-The 5 year fixed rate is currently as low as 4.34%. That is down about 0.15% since Mid-March.

-The discounts on the 5 year variable term have not changed in the last month or so. Most lenders are offering Prime less 0.30%-0.40% which would be 4.55%-4.65% today.

-The 3 year fixed term is also down to around 4.34% now…which is about 0.20% lower than it was back in March.

Hopefully with more drops by the BoC expected, and hopefully if the bond markets can recover from Trump's ill thought out and ill-timed Trade wars, we will see the fixed rates continue to creep down as we approach the summer.

<u>IN GTA REAL ESTATE NEWS:</u>

TORONTO, ONTARIO, April 3, 2025 – Homeownership in the Greater Toronto Area (GTA) became more affordable in March 2025 compared to the previous year. On average, both borrowing costs and home prices have declined over the past year, making monthly payments more manageable for households looking to buy a home.

"Homeownership has become more affordable over the past 12 months, and we expect further rate cuts this spring. Buyers will also benefit from increased choice, giving them greater negotiating power. Once consumers feel confident in the economy and their job security, home buying activity should improve," said Toronto Regional Real Estate Board (TRREB) President Elechia Barry-Sproule.

"Given the current trade uncertainty and the upcoming federal election, many households are likely taking a wait-and-see approach to home buying. If trade issues are solved or public policy choices help mitigate the impact of tariffs, home sales will likely increase. Home buyers need to feel their employment situation is solid before committing to monthly mortgage payments over the long term," said TRREB's Chief Information Officer Jason Mercer.

GTA REALTORS® reported 5,011 home sales through TRREB's MLS® System in March 2025 – down by 23.1 per cent compared to March 2024. New listings in the MLS® System amounted to 17,263 – up by 28.6 per cent year-over-year. On a seasonally adjusted basis, March sales were down month-over-month compared to February 2025.

The MLS® Home Price Index Composite benchmark was down by 3.8 per cent year-over year in March 2025. The average selling price, at $1,093,254, was down by 2.5 per cent compared to the March 2024. On a month-over-month seasonally adjusted basis, the MLS® HPI Composite was down and the average selling price was flat.

"While the policy debate heading into the federal election has rightly been focused on our cross-border trade relationship, it has also been important to see that the federal parties continue to view housing as a key priority based on the various election platforms. This is in line with recent polling suggesting access to housing options that are affordable remains top-of-mind for all Canadians. Building this housing will be a key economic driver moving forward," said TRREB CEO John DiMichele.

SOOOO….it certainly seems that the market has gone back to sleep thanks to the uncertainty with the tariffs and trade wars. It appeared things were starting to pick up back in February. But now the sales numbers are back down and the number of people back on the fence increases.

I believe it will be more of the same until we can get some certainty regarding trade. And being that Trump had his medical results recently released and is "in better shape than anyone…both physically and cognitively" it seems we could be stuck in this lull for a while.

That's it for this update. The next BoC meeting is on June 4th so I'll be in touch after that.

Be well until then!
And have a wonderful long weekend! I hope you get to spend it with loved ones!
HAPPY EASTER!
Luke

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Your mortgage….Consider it done!

PLEASE NOTE: This update is for information purposes only. Please do not rely on it to make a major decision! Everyone's situation is different and a "one size fits all" approach doesn't work. For information on how this impacts your personal situation, please contact me directly.