

## **MARKET UPDATE: October 30<sup>th</sup>, 2025:**

Hello Again! I hope all is well and that you and your family are staying healthy! And hopefully the fall and all the sunshine we've had is treating you well! Hopefully you've recovered from that 3am bedtime and 18 inning night back on Monday!! (Wins on Tuesday and last night certainly help me feel a little better!)

The Bank of Canada (BoC) met yesterday to discuss monetary policy. And for the second meeting in a row, they decided to lower rates again....again by 0.25%. So Prime now sits at 4.45% (except for at TD, who has TD Prime at 4.60%).

We might need to give Doug Ford an assist for this decision....Not sure if Carney was aware that Ronald Reagan ad was going to be run during the world series. But it certainly upset the POTUS and now trade talks are off again and we have tariffs increased....again!!

The trade uncertainty is causing damage to the economy and even those people and businesses with money are going to sit on those funds, so we shouldn't expect much growth for as long as Trump is in power. Most likely the majority of growth over the next year will come from government spending that we find out about in next week's Federal Budget. (I expect a LOT of money being spent....much of which will be on our military ...which should help the economy and create jobs. But hopefully lots more targeting industries that are being hurt the most by the tariffs (e.g. cars, steel, aluminium, etc...)

**Probably the biggest takeaway from yesterday's BoC meeting was this....**

**To quote the Globe and Mail...**

*Is that it for rate cuts? At first glance, that seems to be the case.*

*Here was the key line from Bank of Canada Governor Tiff Macklem's opening statement on Wednesday: "If the economy evolves roughly in line with the outlook in our [Monetary Policy Report], Governing Council sees the current policy rate at about the right level to keep inflation close to 2% while helping the economy through this period of structural adjustment."*

*Heading into the BoC decision, analysts were skeptical that the central bank would deliver additional cuts beyond Wednesday, and those views were only reinforced by Mr. Macklem's comments. Swaps markets are suggesting there's only a 50-50 chance of another cut over the coming year, based on Bloomberg data.*

*Of course, it's worth emphasizing the conditional aspect of Mr. Macklem's quote: Interest rate levels are appropriate if the economy evolves in line with the BoC's forecast. That's a big if.*

So is that the end of the rate drops?? I guess time will tell. It seems all economists believe we are moving to the sidelines for the next while. That gives them time to digest incoming data and also the impact of the upcoming Federal Budget.

Governor Macklem is basically saying if all goes according to plan then we should not need more rate cuts. But it seems to be out of his hands and depends on the whims of the current administration south of the border. If they want to stop trade, we might need more cuts.

We also have the CUSMA (the current name for the NAFTA agreement) that is up for renewal next year. If the USA decides to cancel that, Canada will have a major problem. Most products and services are currently exempt from tariffs thanks to that agreement. That wouldn't be the case if the agreement isn't renewed and then we will have trouble in most industries I fear and not just a few.

As it currently stands, BoC Governor Macklem feels that further rate drops are not going to fix the trade problems or help targeted industries find new markets or fix their supply chains. Rate drops can only be used to stop the spillover into the rest of the economy. So I believe he's hoping the Federal Government will begin to focus on those industries hurt most by the tariffs. We shall see on November 4<sup>th</sup> if there is a bunch of new help announced when Carney and the Feds announce the details of the next budget.

Growth will remain low for the next couple of years at least. The BoC revised its projections for Canada and the world downwards. Even in 2027, they only expect growth of 1.6% here in Canada. (Below 2% isn't seen as very good! FYI!).

The US Fed also lowered their rates by 0.25% yesterday...despite the fact they are lacking the proper data to determine if it is needed (thanks to the government shutdown). The head of the US Federal Reserve (US equivalent to the Bank of Canada) said they might need to pause in December if they don't have the data to properly assess what is needed. More rate drops south of the border will make it easier for the BoC to lower rates in the future if they need to as our dollar won't drop as much.

## **TODAY'S MORTGAGE RATES:**

Fixed mortgage rates continue to be very stable. We've seen very little movement in the last month or two...that despite the fact that bond yields/spreads are about a quarter percent lower today than they were around Labour Day. Though from time to time we have seen a couple of lenders come out with some "special offers"....generally a 30 or 45 day rate hold offer instead of the usual 120 day rate hold.

The hope is that eventually we will see all lenders drop rates to reflect the fact it is cheaper for them to acquire money to lend out. But whether that materializes, remains to be seen.

## **HERE ARE TODAY'S MORTGAGE RATES:**

### **For Purchases with LESS than 20% down payment....**

-The 5 year fixed rate is now around 3.99-4.24% at most lenders. Most lenders are the same as they were in early September, but a few are down by as much as 0.25% in the last 6 or 7 weeks.

-The best 5 year variable term we are seeing today is Prime less 0.75%. With Prime down to 4.45%, that would mean your rate is 3.70%. Prime less 0.70% was the best available back in September. We have one lender that has just come out with a special offer. Most lenders are around Prime less 0.55%.

-The 3 year fixed rate is now around 4.09%-4.29% at most lenders which is pretty much the same as my last couple updates. Though a few lenders are down about 0.10% over the last 6 or 7 weeks.

### **For Purchases with 20% down payment ....**

-The 5 year fixed rate is currently at 4.39%. That is down about 0.20% since early September.

-The discounts on the 5 year variable term haven't changed in the last couple of months. We are still seeing most lenders at Prime less 0.30% (4.15% as of today)...while a couple have Prime less 0.35% or Prime less 0.45%...but a couple of "hoops to jump through" to get this option. It was just a year ago that we could get in the Prime less 1% range for purchases with 20% down payment.

-The best 3 year fixed term remains unchanged this month. It is still around 4.29%. Though most lenders are sitting at around 4.59%...or about 0.30% higher today than it was in late July.

## **IN GTA REAL ESTATE NEWS:**

We will have a new update next week when we get to find out about October sales in the GTA. Here is the latest update we have.... from early October:

*TORONTO, ONTARIO, October 3, 2025 – September home sales increased in the Greater Toronto Area (GTA) compared to a year earlier, as more homebuyers sought to take advantage of more affordable monthly mortgage payments. Buyers continued to respond to substantial choice in the marketplace by negotiating the average selling price downward.*

*“The Bank of Canada’s September interest rate cut was welcome news for homebuyers. With lower borrowing costs, more households are now able to afford monthly mortgage payments on a home that meets their needs. Increased home purchases will also stimulate the economy through housing-related spin-off spending helping to offset the impact of ongoing trade challenges,” said Toronto Regional Real Estate Board (TRREB) President Elechia Barry-Sproule.*

*GTA REALTORS® reported 5,592 home sales through TRREB’s MLS® System in September 2025 – up by 8.5 per cent compared to September 2024. New listings entered into the MLS® System amounted to 19,260 – up by four per cent year-over-year.*

*On a seasonally adjusted basis, September home sales were up month-over-month compared to August 2025. In contrast, new listings were down compared to August, suggesting that market conditions may have tightened slightly in some segments.*

*The MLS® Home Price Index (MLS® HPI) Composite benchmark was down by 5.5 per cent year-over-year in September 2025. The average selling price, at \$1,059,377, was also down by 4.7 per cent compared to September 2024.*

*On a month-over-month seasonally adjusted basis, the MLS® HPI Composite dipped by 0.5 per cent compared to August. The average selling price remained largely flat compared to August, edging up by 0.2 per cent.*

*“While home sales have improved over the past year, they still remain below normal levels relative to the number of households in the GTA. Two more 25-basis-point interest rate cuts by the Bank of Canada would see monthly mortgage payments move more in line with homebuyers’ average incomes, further spurring home sales and related economic activity,” said TRREB Chief Information Officer Jason Mercer.*

*“Housing industry stakeholders have, for the most part, worked independently to reach our parallel goals, but momentum appears stalled. At a time when we are facing a collapse of new construction sales and starts, it’s time for us to come together as a unified voice, align our efforts, and*

*collectively work to break down the remaining barriers that impede progress in housing development. TRREB will approach our partners in a renewed effort to reignite momentum with industry leaders, policymakers, and stakeholders in the Greater Golden Horseshoe,” said TRREB CEO John DiMichele.*

So TREB (Toronto Real Estate Board) is calling for more drops....seems we now will have to wait for anything more than yesterday's drop.

But even with more rate drops, I fear it will be difficult for many to pull the trigger on a large purchase until we have some trade certainty with the USA.

So we sit and pray that Donald does more golfing this month and therefore has less time to use ALL CAPS on Truth Social!

That's it for this update. The final BoC meeting of 2025 is on December 10<sup>th</sup>, so I'll be in touch after that.

Have a fabulous month!! And for those of you with young kids....Have fun for Halloween! LET YOUR KIDS KNOW THAT HALLOWEEN ENDS AT 8PM THIS YEAR IN THE EASTERN TIME ZONE....(Blue Jay game starts at 8)...and for those on the west coast...sorry kids...Halloween is cancelled this year!!!

:D

And good luck this coming week dealing with your kids as they are hopped up on too much sugar!!

Take care,

GO JAYS GO!!

Have a great month!

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.