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Annie Tan, Mortgage Professional  
778.889.2730 annie.tan@elitelending.ca



## Updates

### 1. Stress Test

- Stress test remained at 4.79% since the last drop in Aug 17 2020.

### 2. BOC maintained overnight interest rate at 0.25%

- Overnight interest rate being the main driver of prime rates, expect no change/minimal impact on variable rate mortgages.

### 3. BOC recalibrates Quantitative Easing (QE)

- From QE program supporting 'market functioning' to one that achieves 'monetary policy objective'.
- BOC recalibrates by paring back on bond purchases (Repo, Bankers Acceptance, Canada Mortgage Bonds and Gov't bonds) and shifting to longer term maturities.

=>As financial market conditions continue to improve, bonds purchases are no longer needed to assure liquidity in those markets.

The reduction will still provide as much monetary stimulus as before while having minimal impact on fixed rates.



**BOC says its QE program reinforces its commitment to hold interest rates at historic lows over the next few years until annual inflation rate is sustained at its target 2% level.**

## Mortgage Rates

- 5 years Fixed Mid/High 1s – Low 2s
- 5 years Virm Mid/High 1s – Low 2s
- \*variable prime 2.45%
- 3 years Fixed High 1s - 2% range
- 2 years Fixed High 1s - 2% range

## Market Snapshot

### 1. Home sales hit a new record while new listings fell sharply, pushing prices higher.

- Pent up demand: the lockdowns, gov't support, ultra low interest rates and growing importance of personal space than ever before
- New Listings: Sales edging up and new supply dropping back, the National sales-to-new listings ratio tightened to 77.2% (highest in almost 20 years).
- Home Prices: MLS® HPI rose by 1.3% m-o-m in September 2020. As buyers move further away from city centres, CREA added a large number of Ontario markets to the MLS® HPI this month. Largest y-o-y gains: 22 - 23% in red, 15 - 20% in blue, 10 - 15% in orange, 5% in yellow.



ON	Southern Georgian Bay	\$473,000	4.69	8.02	12.61	14.38	33.16	83.30
	Tillsonburg District	\$399,400	2.15	9.29	10.94	18.10	56.37	98.23
	Greater Toronto	\$899,500	1.10	4.92	4.40	11.44	19.50	58.54
	Woodstock-Ingersoll	\$446,200	3.71	9.36	14.80	22.68	57.21	105.32
OC	Montreal CMA	\$411,600	3.19	9.47	7.02	15.30	31.42	41.16
	Quebec CMA	\$261,300	0.61	2.87	4.12	4.23	8.24	3.64
NB	Greater Moncton	\$216,400	1.62	4.20	8.30	13.38	23.91	36.08
NF	Newfoundland & Labrador	\$274,000	0.89	2.19	1.56	2.38	-4.02	-3.20
	St. John's	\$493,000	0.16	2.01	1.90	1.90	6.77	8.27