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"Earlier this month we saw the Toronto Stock Exchange close at over 13,000 for the first time in history. You may be wondering how this will affect your mortgage rate. The reality is that we don't know how or if this will affect rates. But we do know that mortgage rates are affected by a couple of different things.

Fixed rates are affected by the bond market. The bond market has been dropping steadily and the Economists are still forecasting for the bond rates to fall another 40 to 50 basis point through 2007.

Variable rates are affected by the Bank of Canada rate. The Bank of Canada meets 8 times a year to discuss monetary policy. Inflation concerns would see the Bank of Canada raise rates but this is NOT in the forecast. The last meeting was December 5th and the rates remained unchanged.






The Economists are still forecasting for a drop in the variable rate by as much as 100 basis points in 2007.  [Click here for more details on the rate forecast.](#)

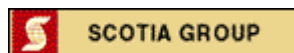
Bottom line. Stick with variable. Rates are expected to come down in 2007. A good variable rate product will allow you to lock into the best discounted fixed rates at any time with no penalty. Historically, variable rate has proven to be a clear winner. "

Let me know when I can help more?

Thank you,
Steve Garganis - Mortgage Consultant

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