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Important Mortgage Updates 03-18-2020

1 message

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There have been many changes lately and there will be many more to come. As this is a critical and fast-moving situation, I wanted to get these updates out and will be updating you regularly as we all work through this.

We've all heard about the Bank of Canada rate cuts. Two one-half percent rate cuts in less than two weeks. Unprecedented. And while common logic would dictate that mortgage rates would fall, that's not exactly happening.

Bank stocks are down by about 30%. Investors are worried. When investors get worried the banks look to increase their profit margins. This isn't anything new. Forgot about posted mortgage rates.. I'm talking about the actual rate you get when you negotiate your mortgage. We call these wholesale rates.

Wholesale mortgage rates have increased by between 0.3% and 0.5%. Variable rate pricing has also increased. Let me explain. Bank prime rate has gone down from 3.95% to weeks ago, 2.95% as of today. That's a 1% decrease. We welcome that decrease. However, variable rate mortgage pricing has gone from Prime less 1.00% to around Prime less 0.50%.

So, new variable rate mortgages are now priced at around 2.45% (the dust is still settling on this). Some of the Big Banks are actually pricing Variable rate mortgages at Prime + 0.60%. you read correctly, + 0.60%.

Stay tuned, please don't panic. Make rational decisions after getting good advice. Speak with an unbiased experienced mortgage broker.

As always, I welcome your comments, calls and questions.

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