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**From the desk of Steve Garganis**

1 message

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Fri, Jun 28, 2019 at 9:29 AM



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## **MORTGAGE RATES CONTINUE TO FALL..BUT FOR HOW LONG?**

Happy Canada Day!

It's a time to celebrate Canada's 152nd birthday and all it has to offer. And if you'll forgive the pun, this year there is more to offer.

It's all good news for anyone with a mortgage that is coming up for renewal or anyone looking to buy or refinance. Rates have been falling all year and continue to drop. We're under 3.00% for virtually all products. That's the good news...

Now here's your warning! As we approach July, we should expect and be prepared for a pause in rate drops. In fact, you could even see an interest rate hike here and there.

Historically, the market slows in July and August. The market is less competitive as the BIG SIX BANKS volume quotas have been achieved. If you're sitting in sidelines expecting further rate drops, just remember, we are near the all-time lows for fixed rates. Rates are low today. Don't wait too long. Call my office for a chat if you are unsure what to do.

## **WHY ARE VARIABLE RATES HIGHER THAN FIXED RATES?**

In a normal market, short term interest rates are lower than long term rates. Since January 2019, we have been in a negative or inverted yield curve. This simply means long term rates are lower than short term rates.

Today, we have 5 yr fixed mortgage rates under 3.00% and short term rates just over 3.00%. If we follow history, we can learn a thing or two. We can expect this yield curve to normalize and soon. And when it does, we can expect to see the Bank of Canada lower the Prime rate (bringing variable rates lower), and we will see long term fixed rates increasing.

No one knows exactly how or when this will roll out. But it will happen. It always does.

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## **RATES APPROACHING ALL-TIME LOWS AND NOBODY IS TALKING ABOUT IT!**

Why does bad news get far more attention than good news? Seriously, this has always puzzled me. To me, an interest rate drop of 1.00% would be something to cheer about. Has anyone heard about this news?

Seems to have been missed by the popular news media. That's okay. I'll fill the void with some good news.

Did you know that since late 2018, we have seen fixed mortgage rates drop by around 1.00%. Cue the balloons and confetti. Yes, it's true.

And a 1.00% rate difference on a \$300,000 mortgage is equal to a \$14,500 savings over 5 years. That's a big number. Perhaps, maybe even something to write about!?

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## **MY BOTTOM LINE....**

Last month we saw an astonishing new jobs report stating that 106,000 new were created. The number blew all analysts expectations. It should have

impacted mortgage rates. We should have seen rates go up. But instead, investors weren't buying it. Sounded too good to be true.

Instead, interests rates continued their drop. And since that report in early May, rates have come down a little further. About another 0.25%.

The lesson here? It's an election year. Don't expect any negative economic data to be released. Not if the govt can help it.

And in case you haven't heard, the Federal govt is trying to censor what can be said in social media now... Under the auspices of preventing outside forces from influencing our election. Yes, it's true. This is real.

Seems to me like we are at risk of some censorship happening. I'm very guarded whenever new rules come out about what we can and cannot say. Who decides? Who's right? Big topic and not for this forum but important to talk about (wait, am I allowed to discuss to?)

I'll continue to share my opinions about Banks, the govt and eveything else that could effect your mortgage and home.

Call me anytime. Until next time, enjoy the summer! Hoping you get outside and have some fun.

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## Follow me

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