

## Our Increasing Loonie Spells Relief for Mortgage Holders

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*Why is Canada's inflation holding steady with increasing commodity prices and increasing inflation in the USA?*

Very simply, the increasing Canadian Dollar is holding our inflation in check. Many experts now wonder not "IF", but "WHEN" the Bank of Canada will stop ignoring the facts and will halt their Prime Rate increases. Core inflation in Canada continues to be below the Bank's target. The

Bank has to realize that just because they can't believe this is happening and the economy is not acting like a "text book example" does not mean that they should ignore the facts. All experts now agree that the Bank is awakening from their dream...and they WILL halt their increases.

## The good news for you

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*Will there be a possible rate cut in the future?*

The good news for you is that we have weathered the storm. The prognosis now is for the Bank to stop their increases and we

should see them gradually decline into this year, and well into 2007.

## What about long term rates?

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*Remember, long-term rates are influenced by Canadian bonds which are, in turn, influenced by US bonds.*

Consequently, we expect continued upward pressure in US bonds, so Canadian long-term rates will continue to edge up in the next few months. Beyond that, the best

guess is that rates will stabilize for a while before starting a measured pace downward, possibly in mid to late 2007.

## Conclusion

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If you are still in a variable (floating) rate mortgage, CONGRATULATIONS, you have seen the worst. Enjoy the ride down and, whatever you do, **don't lock in now**. If you are in a fixed-rate mortgage, and are contemplating a refinance or new mortgage, then only consider a blended rate if your current rate is below 4.75%. Otherwise, consider going variable.

As always, please don't keep me a secret; if you find this and my other commentaries helpful, please share them with your family and friends. If you, or anyone you know, is not receiving on-going mortgage planning with their mortgage, have them call us for a FREE mortgage consultation.

*Please contact me for further information, or if you would like to talk specifically about your Mortgage Action Plan:*



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