

Bank of Canada keeps Prime stable.

The Bank of Canada has decided to keep the overnight lending rate, otherwise known as Prime, at 4 1/4%

Since the July update the global economy has continued its solid expansion. While there has been some moderation in U.S. economic growth, in the rest of the world growth has strengthened further. Commodity prices have remained firm through this period. In Canada, the level of economic activity in the second quarter of 2006 was somewhat below the Bank's expectations, primarily because of weaker

exports. Total and core CPI inflation in July came in slightly higher than the Bank expected, owing largely to price strength in the housing and services sectors. Nevertheless, all things considered, the underlying trends in the Canadian economy appear to be in line with the broad thrust of the Bank's July projection in terms of output and inflation.

Looking forward.

Things should continue to remain the same.

Looking forward, the Bank continues to expect the Canadian economy to operate at about its production potential, with total CPI inflation returning to the 2 per cent inflation target in the second half of 2007. In line

with this outlook, the current level of the target for the overnight rate is judged at this time to be consistent with achieving the inflation target over the medium term.

What about fixed rates?

Remember, we do have fixed rate mortgages as well.

It seems to be that the economy on a whole has started to level itself off lately. Gas prices continue to come down, the Canadian Dollar is staying stable in the 90 Cent mark. The biggest factor deciding fixed rates are

bond prices. And currently they continue to slowly decrease. Last year we saw all time low on bond prices...we're almost there again.

Conclusion.

If you are in a variable, good for you for sticking it out, things will get even better. If you're in a fixed term, it may be an idea to look into having something done. Get yourself into a great introductory rate of say Prime -1.30% for the first few months and watch the fixed terms come down a little more, then lock in. There's money to be saved and I can help you or someone else out.

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. Make sure to check out my website for a handful of very useful information.

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



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