Christopher works for **you**, not the lenders.

As requested, I'm keeping a close watch on mortgage rates for you.

Thanks for giving me this opportunity to help. As you requested, I'm letting you know that mortgage rates changed today. If you're in a variable rate mortgage, this fluctuation in rates may have an impact on your family budget and future financial plans. As your Mortgage Specialist, I'd be happy to sit down with you, analyze your current situation and discuss what actions you might want to take. Please feel free to contact me anytime.

The following table gives you an idea of the range of rates currently available. Remember, all rates are subject to change without notice. Rest assured I'll update you of the next rate change as soon as it happens!

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Agent

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Rates as of Tuesday, April 6, 2010

Bank Prime	5 Yr Bonds	1 Yr Fixed	5 Yr Fixed	5 Yr Variable
2.25%	3.02%	2.65%	4.39%	1.85%

Please talk to me to see if these rates are still current and applicable to your specific situation. Although we strive for accuracy, timeliness and completeness, information quoted is not guaranteed and may change at any time.

Mortgage Tip

When it comes to your mortgage, you can never have too much information. With that in mind, I'm providing you with this timely tip.

Bank of Canada will start raising rates

The recent news that GDP grew at an annualized pace of 5% during the last quarter of 2009 has sent bond yields up, and as a result fixed mortgage rates jumped one half of a per cent. Economists are now speculating whether or not the Bank of Canada will start raising rates in June or July. With all the flurry happening around us, it is wise to look at some indicators and factors to get a better picture of what will

likely unfold in the next 12-18 months.

Government stimulus will be spent by the end of 2010. You will see a lot of road work this summer, more than usual. About 65% of which will be paid for by federal and provincial governments. These stimulus packages will come to an end and with that will come a more subdued growth in GDP, likely moderating somewhere near 3%. This has a stabilizing affect on rates.

Jobs play a vital role in any economy. The more people there are working the more money consumers have available to spend. Canada currently has an unemployment rate of 8.2%, down from 8.7% at the end of 2009. This means one of two things: Either less people are looking for work because they gave up looking or less people are looking for work because they found jobs. It is likely that it is a bit of both. One thing is clear, with the auto companies having to bring back employees to build cars to replenish inventory, it is likely that the economy is adding jobs. Moderate job creation means only slight pressure on wages to rise, so this shouldn't drive mortgage rates up much.

The HST has pushed many Canadians to buy their new homes before the July deadline. This will lead to a pullback in residential real estate activity in the last half of the year. As you are likely aware, it takes someone 3-9 months to make their home "the way they want it", which means there will still be some extra consumer demand for household goods through to spring 2011. This will put pressure on rates to rise a little.

With the Loonie flying at near parity with the US dollar, we will see less export activity to the US. We will see more business investment into technology that will increase productivity. This will help some Canadian businesses, and help put more Canadians to work. This will take time to work its way through the system. Contracts can be signed in 2010, but it takes months and sometimes years for large projects to be completed. This will have a lasting positive effect on the economy and jobs.

Some people think that Bank of Canada will start raising rates by 1.25-1.50% this year. This could be true. The difficulty for the Bank will be the choice it will need to make between inflation and GDP. Leave rates low and inflation may rise too quickly. Raise rates too quickly and stall the economy and kill exports at the same time. It is likely the Bank will err on the side of a little higher inflation as opposed to killing economic growth.

If you have a variable rate mortgage you have to decide what kind of a person you are: Can you stomach a rise in Prime, and your mortgage payments, or would you prefer to get yourself locked-in around 4.3% and live with higher payments for the next 5 years. It is highly likely your variable rate will pass through 4.30% sometime in the next 2 or three years. If you can?t stomach the fluctuations I recommend you lock things down now. The easiest way to make that happen is to call your lender directly and have them make the change for you. Be patient as their call centres are fielding a flood of calls from people who are interested in getting information about locking-in. If you can handle the changes then stay put: most data you dig up will tell you that those who go variable tend to pay less interest when compared to those who fix their rates, over the long-term.

Written by:

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