

Economic insight and what it means to you,
from



Flat economy makes interest rate increases less likely



Benjamin Tal
Deputy Chief Economist
CIBC World Markets

Accidents can happen to any economy. Temporary troubles in energy and autos hit exports hard during the second quarter, which was enough to push Canada's Gross Domestic Product (the size of our economy with inflation factored in) into a decline—even though demand was healthy at home. This made the quarter look worse than it really was, and a rebound is therefore likely in the third quarter. Indeed, June's monthly data showed a decent 0.2% gain as a signpost of an upward trend.

Aside from January's strong growth, Canada's GDP has been essentially flat for five months. Flat economies don't inevitably signal a recession—both Canada and the US have gone through many extended flat stretches which were followed by growth. However, with the US economy so fragile, it won't take much of a miss to find the US and then Canada in recession or something close to it. Plus, there are enough clouds on the global horizon to be concerned about the next several months.

The Bank of Canada is no longer as worried about inflation

Until the global economy is on a more solid track, the Bank of Canada is being very patient in raising rates. It hinted at rate hikes for July and September, neither of which materialized. Now the Bank is no longer as worried that low interest rates will trigger inflation, and therefore the need to withdraw monetary stimulus has diminished.

Smart mortgage strategies for covering education costs

The cost of post-secondary education continues to rise every year. If you're finding it a challenge to cover your children's current or future plans, talk to your mortgage broker today. It may make sense to refinance your mortgage so you can fund their education at affordable mortgage rates, instead of paying for expensive consumer loans.

About The Mortgage Centre®

We believe mortgage shopping involves listening, advice and reassurance. We'll meet to discuss your needs when and where you like and explain everything in plain English to make sure you're completely comfortable. We'll provide you with a huge range of mortgage options, so finding one that fits your needs precisely is easy. Our expert, objective advice helps you feel confident you're getting the best-available rate and features.



**Questions? Suggestions?
Please contact
me today.**

Share the Insight

If you'd like your friends to receive these updates, please feel free to pass along my contact information.

mortgagecentre.com

Phone

Fax

E-mail

Main Office Address