
Rising Rates

Posted on: June 13, 2022

As expected, the Bank of Canada raised Interest Rates again in early June. The BOC started adjusting rates with a 25 basis point hike in March this year. That was followed by another 50 basis point rate hike in April which was the largest single rate hike in over 20 years¹. June gave us another 50 basis point hike so we are now at 1.25% higher than we were at the beginning of the year. These hikes will impact Variable Rate Mortgages and things like Investment Loans. If there is any good news with these increases, it's that savers will get a little more Interest on their accounts. It's been hard to justify sitting on Cash for quite some time, but we are now back to getting over 1% on High Interest Savings Accounts. With negative returns on Bonds in 2022 and a very volatile Stock Market, those who want to focus on Capital Preservation may just want to park their short-term savings in these types of Cash Savings again. We don't know when or where the rate hikes will end but with record-high housing prices and a rising cost of living, we are going to have to get used to a higher cost of borrowing for the foreseeable future.

Our girls will be finishing school at the end of June and we'll all be itching to get out and do some things. I imagine we'll get to Edmonton and Saskatoon a couple of times over the summer, and we will make a point to see clients in those cities. I also try to get a "staycation" in over the summer and will do that during Stampede. I have found that people typically don't want to meet at that time in July anyway so it's a good chance for us to get some things done around the house. We'll be out of the office from July 10th to July 16th. We'd also like to see some friends in Winnipeg this summer so while we don't have dates worked out yet, I expect that we'll head east in August. It has been nice to be out travelling again and we have some catching up to do this summer!

We wish you all a great start to the summer and if we don't catch you over the next couple of months, we will see you in the fall!

Bryce A. Borden

¹The Bank of Canada: - <https://www.bankofcanada.ca/2022/06/fad-press-release-2022-06-01/> [1]

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Links

[1] <https://www.bankofcanada.ca/2022/06/fad-press-release-2022-06-01/>