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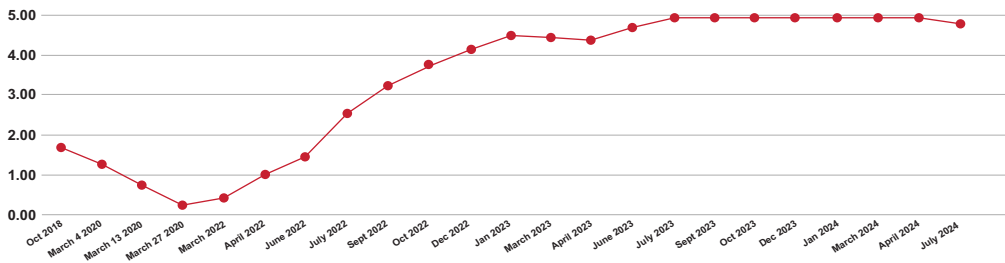


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Bank of Canada drops overnight lending rate by 25 basis points to 4.75%

Bank of Canada Overnight Lending Rate



Source: Bank of Canada



After holding the overnight lending rate at a two-decade high of 5% for 11 months, the Bank of Canada has reduced its policy rate. In its pre-scheduled announcement for June, Canada's central bank reduced the target for the overnight rate by 25 basis points to 4.75%.

Though inflation remains slightly above the BoC's target rate of 2%, the total consumer price index has fallen over the past year, signaling that core inflation has slowed and will continue on a downward trajectory.

"Governing Council decided monetary policy no longer needs to be as restrictive and lowered the policy interest rate by 25 basis points to 4.75%," said Tiff Macklem, Governor of the Bank of Canada, in a statement to reporters following the announcement. "We've come a long way in the fight against inflation. And our confidence that inflation will continue to move closer to the 2% target has increased over recent months. The considerable progress we've made to restore price stability is welcome news for Canadians."

What does this mean for Canada's housing market?

With the highly-anticipated interest rate cut now here, many rate-sensitive homebuyers will take this as a sign to move off the sidelines and back into the housing market.

According to a recent Royal LePage survey, conducted by Leger, 51% of Canadians who put their home buying plans on hold the last two years said they would return to the market when the Bank of Canada reduced its key lending rate. Ten per cent of respondents said a mere 25-basis-point-drop will prompt them to jump back in, 18% said they would wait for a cut of 50 to 100 basis points, and 23% said they'd need to see a cut of more than 100 basis points before considering resuming their search.

"The long-awaited cut to the overnight lending rate has arrived. The Bank of Canada held its key lending rate at a two-decade high of 5% for the past 11 months, and more than four years have passed since the last time that the rate was reduced," said Phil Soper, president and CEO of Royal LePage. "Our research indicates that half of sidelined homebuyers in Canada plan to resume their home search plans once the bank rate begins to drop. This will no doubt spark activity and put upward pressure on home prices in the second half of the year."

The Bank of Canada will make its next announcement on Wednesday, July 24th.

MAY MLS® HOME SALES IN OTTAWA SMOOTH AND CAUTIOUS

Members of the Ottawa Real Estate Board (OREB) sold 1,545 residential properties in May 2024. This was a decrease of 9.2% from May 2023.

"Ottawa's early spring market was unsurprisingly steady," says OREB's President. The increase in new listings indicate that sellers are more confident that properties are moving as more activity returns to the market. Some sellers, however, were likely waiting for the Bank of Canada's interest rate announcement to see if it would affect their purchasing power. The first interest rate cut in four years is good news, but expectations still need to be managed as long as supply issues and high home prices persist."

"Interest rate cuts, for example, can't help get more homes built and make them affordable when the City of Ottawa is hiking development fees — a counterproductive move that OREB is firmly against."

The overall MLS® HPI composite benchmark price was \$651,300 in May 2024, a marginal gain of 1.2% from May 2023.

The benchmark price for single-family homes was \$736,000, up 1.1% on a year-over-year basis in May.

By comparison, the benchmark price for a townhouse/row unit was \$517,500, up 2.1% compared to a year earlier.

The benchmark apartment price was \$425,000, up 2.0% from year-ago levels.

Call today for real estate advice and information!

Tips for lowering your electricity bill



Have you noticed an increase in your electricity bill?

In early 2022, the government announced an increase in prices, but the bill to cap Hydro-Québec's distribution rates at 3% was finally passed last February.

Whether it's to reduce your expenses or to benefit the planet, here are some tips and tricks that can help you save energy and lower your electricity bill.

Improve air circulation

Ensure that vents are not blocked. Obstructed air vents cause decreased air circulation and force your ventilation system to work harder to maintain adequate airflow, which could result in higher than necessary energy consumption. In fact, 25% more energy is required to circulate air if these openings aren't completely clear.

Change your light bulbs

Replace incandescent light bulbs with energy-saving LEDs. These light bulbs have a long life and produce the same amount of light as incandescent bulbs while consuming less energy. Also, LEDs don't contain mercury, a toxic element present in incandescent bulbs, making them easily recyclable and an environmentally friendly choice.

Install a programmable thermostat

A programmable thermostat allows you to regulate the temperature in your home according to your schedule and habits. Ideally, the ambient temperature should not exceed 21 or 22 degrees. Know that by reducing the temperature in your home by 1°C, you could save as much as 5% to 7% on your energy bill.

Insulate your home

Your home's thermal insulation reduces heat and cold loss, which can save you money on heating and cooling. In order to do so, you can add or replace insulation in your walls, attic, floors, windows, doors and pipes. The materials commonly used as insulants are mineral wool, expanded polystyrene, polyurethane and cork. By

properly insulating your home, you would not only save money on your energy bill, but you would also reduce your carbon footprint by reducing your home's greenhouse gas emissions.

Use energy-efficient appliances

Look for ENERGY STAR certified appliances, which are the most efficient when it comes to energy use. By choosing these appliances (refrigerators, dish washers, air conditioners, washers and driers), you can considerably reduce your energy consumption. According to ENERGY STAR, energy-efficient appliances can reduce energy consumption by 10% to 50% compared to standard appliances.

Turn off electronics on standby

Electronics continue to use electricity when on standby, so be sure to turn them off completely when they're not in use. TVs, computers, printers and gaming consoles continue to consume energy, even when they're on standby. This type of energy consumption is known as standby or phantom power. You can also turn off multiple appliances at once by using power bars with on/off switches.

Use thermal curtains

Thermal curtains can help reduce the amount of heat and cold lost through windows, which can save you money on heating and cooling. Thermal curtains are made from insulating materials which prevent hot air from escaping in the winter and cool air from escaping in the summer. In addition to being an efficient solution for reducing energy loss, thermal curtains can also add a layer of insulation to your windows, which can improve your comfort. By using thermal curtains, you can save money on your electricity bill and contribute to sustainable energy consumption.

You now have some simple tips and tricks to put in place to reduce your energy consumption and electricity bill. If you often work remotely or are planning home improvement projects, ensure your home insurance policy is adapted to your needs. The money you save on your electricity bills could be spent enjoying some free time as the good weather returns.

Presented by iA Auto and home insurance

