

## BoC Rate Cuts Have “Largely Done Their Work”

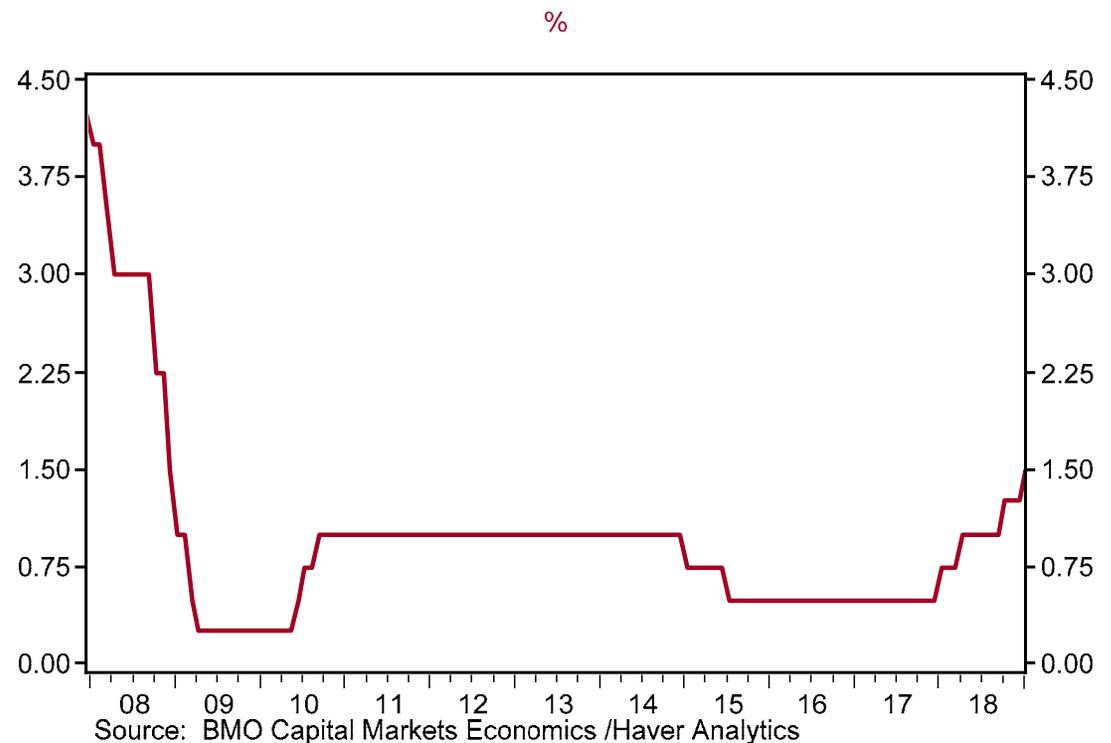
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BoC Governor Poloz was on the wires Tuesday, and largely echoed his deputy’s hawkish comments the prior day. He declared that not only was the recovery more “*diverse*”, but the economy was “*gathering momentum*”, and that the rate cuts put in place since 2015 have “*largely done their work*”.

This supports our move to pull forward the call for a BoC rate hike to January 2018, from April 2018 previously. This may change again, depending on what the Bank says at the July policy meeting/MPR/press conference.

Canada: Overnight Money Market Financing Rate, Target [BoC]



## Vancouver Prices: Reality Check-Up

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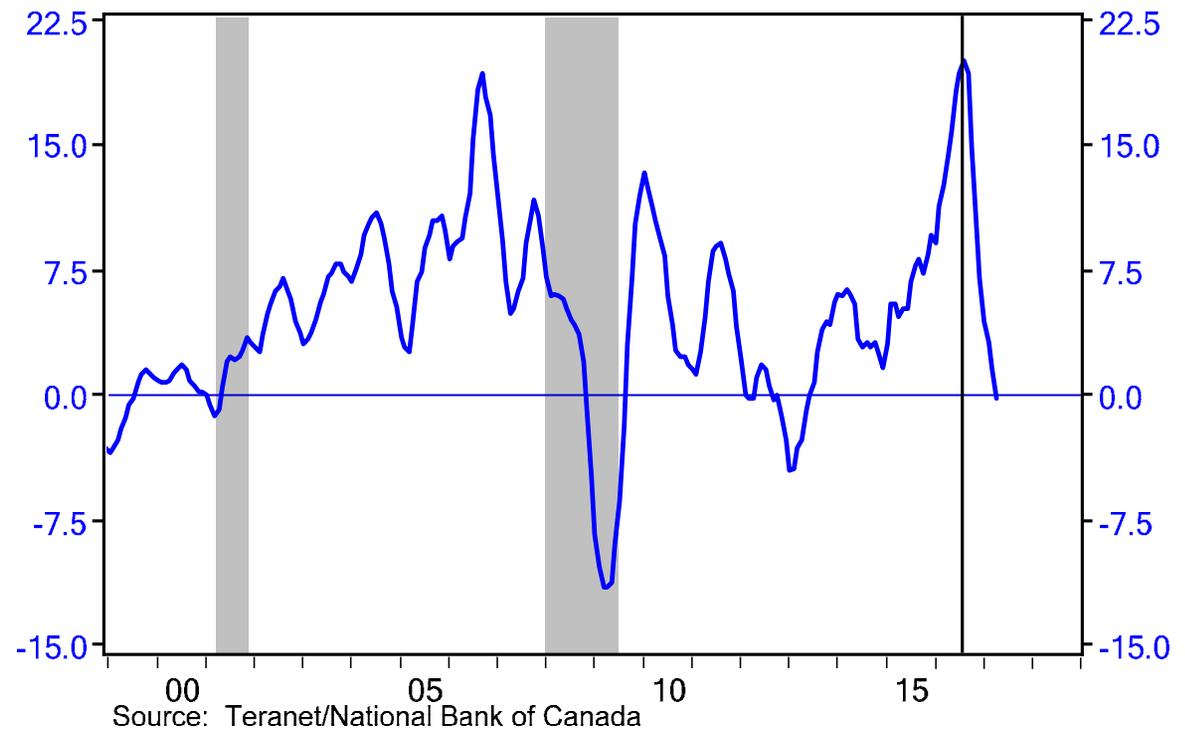


Two broad Canadian housing market activity reports will flood the airwaves in the next few days (Teranet and CREA reports). Much of the attention will be on Toronto and the cities nearby, for (very) early results on how the Ontario government's measures are playing out. But also keep an eye/ear out for what's going on in the B.C. market.

One narrative we are hearing a lot of recently is that the Vancouver market is supposedly shaking off last year's non-resident tax and is firing back up. Well, a casual perusal of the accompanying chart would give you a very different impression. It shows that in the 8 full months since the tax kicked in (started in August 2016), the home price index has been almost precisely unchanged. In the 8 months prior to the tax, prices had leapt 20% (more than 30% annualized, and the fastest in 27 years of records). The chart also raises doubts about how the market was supposedly "already cooling before the tax began". While it is true that sales are coming back from the depths, the market is much better balanced now than a year ago, as evidenced by the calm in prices.

Vancouver, British Columbia: House Price Index

8-month %Change NSA, Jun-05=100



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