Financial HARTbeat

Mortgage Rates
Oct 7th 2026

Good Morning,

Canadian borrowers are abandoning 5-year fixed mortgages, with their share of new mortgages dropping to a record low of just 8.8%, as homeowners increasingly choose shorter-term and variable-rate options.

Variable-rate mortgages have become more attractive since 2025, largely because they offer lower borrowing costs and potential savings if interest rates fall.

This makes households more sensitive to Bank of Canada decisions, meaning any future rate hikes could raise mortgage payments more quickly and potentially cool housing demand.

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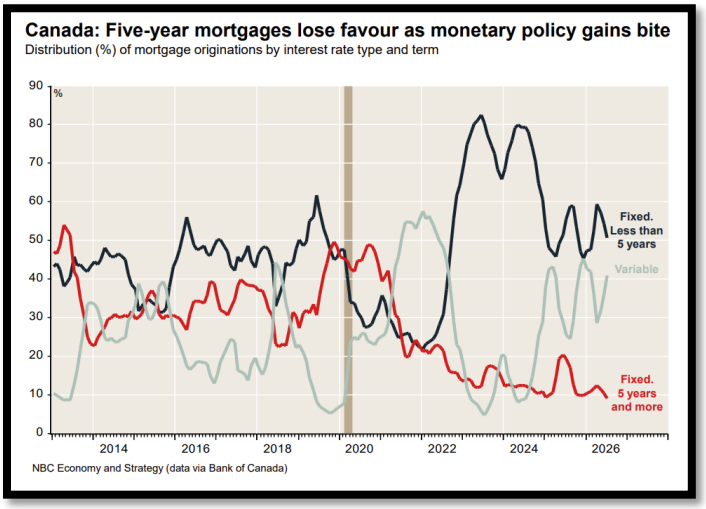
Also, catch the playback of our Annual Outlook ***Click here***

Chart of the Day: Rates changing the mortgage market in Canada



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Top News

U.S. and Canadian stock index futures declined today as markets are awaiting the minutes of the U.S. Federal Reserve's September meeting later in the day for further clues on the monetary policy path. The tech heavy Nasdaq and the benchmark S&P 500 Index ended at all-time highs yesterday as AI optimism propelled tech stocks higher and investors braced for a solid third-quarter earnings season. Today, however, sentiment turned more cautious as investors reassessed the outlook for interest rates and energy costs. Brent crude was back above the psychologically important $100-a-barrel level as Middle East supply concerns persisted. Yields on the US benchmark 10-year Treasury note inched higher while the 30-year Treasury note yield last seen at 5.72%, scaled its highest level since 2002, reflecting expectations that interest rates will remain higher. According to data compiled by LSEG, traders expect the Federal Reserve to keep interest rates unchanged at its October meeting, while pricing in an 86% chance of a quarter-point rate hike in December.

In Canada, investors are pricing in at least one 25 basis point hike by the Bank of Canada by year end. In the next couple of days, focus will likely shift to how corporate America is faring as the third-quarter earnings season kicks off next week, with a number of high-profile financial firms expected to report on Tuesday. Analysts currently expect S&P 500 earnings growth of 30.6%, in aggregate, for the July-to-September period, led by an expected 114.7% jump in energy earnings, followed by a 66.5% estimated surge in tech results. While the 30% profit growth is smaller than in the second quarter, when S&P 500 companies posted a 54% jump in earnings, investors expect a largely positive season to underpin record-high stock markets.

Among corporate news, Elon Musk's SpaceX lost about 1.5% after a Financial Times report that the rockets-to-AI firm was seeking $40 billion in financing to fund purchases of Nvidia chips. Constellation Brands dropped almost 4% after the Corona beer maker lowered its annual operating margin forecast.

Data released today by the Mortgage Bankers Association showed, interest rate on the most common US home loan jumped last week to its highest in almost three years, worsening affordability for buyers four weeks before elections that will decide if President Donald Trump's Republicans keep control of Congress.

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The average 30-year fixed-rate mortgage surged 19 basis points to 7.49% in the week ended October 2. A Reuters/Ipsos poll completed on Monday showed that the cost of living is the top issue on Americans' minds as they decide how they will vote on November 3 and is one reason why Trump's approval rating is at a record low of 32%.

Elsewhere, International Monetary Fund Managing Director Kristalina Georgieva warned on Wednesday that the global economy is under threat from persistently high energy prices, record public debt and risks from the AI investment boom, urging governments to implement protective fiscal and monetary policy measures. For NBCCM Disclosures, please visi

AI Dominates IPO Market (Argus)

Hostilities in the Middle East and the Fed's decision to raise rates -- not to mention typical seasonal summer weakness in the IPO industry -- resulted in a quiet new-issue period in 3Q26. Led by SK Hynix, 27 operating companies completed IPOs in 3Q26, down from 48 in 2Q and 33 in 1Q. The group raised nearly $35 billion in capital, down from $105 billion raised in 2Q26 but well ahead of the $15 billion raised in 3Q25. Year to date, 108 companies have gone public, raising $155 billion in capital. On the surface, that compares unfavorably with the 161 companies that issued IPOs during the same period a year ago. But we note that the 2025 line-up raised only $31 billion in capital. The delta here is the advent of AI. In 3Q, South Korean semiconductor company SK Hynix raised $26.5 billion and opened on the Nasdaq market with a market cap above $1 trillion. It was following in the footsteps of SpaceX, which raised $75 billion in its IPO and currently boasts a market cap around $2 trillion.

First day IPO performance was a bit weaker than normal in 3Q. Among the 27 IPOs, 13 opened in positive territory compared to pricing, while 11 opened lower, and three were unchanged. The average at-the open return was 7%, below 15% in 1H26 and the long-term average of 17%. Most of the top performers in 3Q, including the top five, came from biotech. In the quarter, there were four IPOs that raised $1 billion or more, compared with 10 in the prior quarter.

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We think the IPO market's primary near-term driver remains the AI space. AI leaders Anthropic and OpenAI both confidentially filed S1s in June. Though both have pushed out their respective timelines compared to initial targets, we expect both will go public with valuations exceeding $1 trillion.

Bond Yields (bps (basis points) negative means prices up and positive means prices down)

Figure 1: Key Interest Rates (Canada & U.S.)

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	3.64%	3.8
CDA Prime	4.45%	0.0	CDA 10 year	3.98%	5.2
CDA 3 month T-Bill	2.41%	0.0	CDA 20 year	4.24%	5.3
CDA 6 month T-Bill	2.55%	-1.4	CDA 30 year	4.35%	5.3
CDA 1 Year	2.93%	2.1			
CDA 2 year	3.26%	2.3			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.75-4.00%	0.0	US 5 year	5.06%	3.6
US Prime	7.00%	0.0	US 10 year	5.33%	6.4
US 3 month T-Bill	4.04%	-0.3	US 30 year	5.71%	7.4
US 6 month T-Bill	4.30%	0.8	5YR Sovereign CDS	44.00	
US 1 Year	4.46%	1.3	10YR Sovereign CDS	52.22	
US 2 year	4.81%	1.7			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	696.67	0.02%	0.06%
BMO Laddered Preferred Shares (ETF)	12.76	0.12%	3.49%

Source: LSEG

Keep looking forward! Have a great day!
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