

Bank of Canada Holds Key Rate at 2.75% Amid Tariff Uncertainty and Resilient Growth

The Bank of Canada has opted to maintain its overnight lending rate at 2.75%, keeping the prime rate steady at 4.95%.

TORONTO, CANADA, June 5, 2025 /EINPresswire.com/ -- The Bank of Canada has opted to maintain its overnight lending rate at 2.75%, keeping the prime rate steady at 4.95%. The widely anticipated decision comes as the central bank monitors the evolving impact of international tariffs and stronger-than-expected GDP data.

The hold signals a continued wait-and-see approach as policymakers gauge how external pressures may influence domestic inflation and consumer behaviour in the months ahead. While inflation remains within the bank's target range, concerns over trade tensions and their potential effects on pricing and employment have prompted a cautious stance.

The Bank saw no need for immediate action, given current economic conditions. However, many economists expect the central bank to resume rate cuts later this year, with some forecasting a total reduction of up to 50 basis points before year-end, particularly if global uncertainties intensify.

Implications for Mortgage Holders

Today's decision means variable-rate mortgage holders will see no change to their current payments. Bond yields, not central bank decisions, will determine fixed mortgage rates, which should remain stable in the near term.



mortgage agent toronto



mortgage broker toronto

With interest rates holding and potential cuts ahead, some borrowers are exploring hybrid mortgage structures that blend fixed and variable components to manage risk while retaining flexibility.

First-Time Buyers Gain New Tax Incentive

The rate decision comes shortly after the federal government introduced a new GST rebate for [first-time home buyers](#). The measure allows purchasers of newly built homes priced up to \$1.5 million to recover some or all of the GST paid, potentially saving eligible buyers up to \$50,000.

Industry observers note that the rebate could make a meaningful difference, particularly in cities like Toronto, where the real estate market has shifted notably in 2025. Recent data shows condo listings up 54% and sales down 23% compared to the same period last year, giving buyers greater selection and negotiating power.

Market Outlook

The combination of stable borrowing costs, buyer incentives, and increased housing inventory indicates a more favourable environment for those looking to enter the market. Experts recommend that prospective buyers and homeowners review their financing options in light of evolving market conditions and upcoming policy developments.

For homeowners and prospective buyers navigating these changes, working with a licensed mortgage broker can provide valuable clarity. Ontario-based brokerage [MonsterMortgage.ca](#), which specializes in helping Canadians assess fixed, variable, and hybrid options, offers resources for understanding how rate decisions, rebates, and market conditions may impact mortgage strategies.

Media Contact

MonsterMortgage.ca

(647) 503-5349

info@monstermortgage.ca

Visit us on social media:

[LinkedIn](#)

[Instagram](#)

[Facebook](#)

[YouTube](#)

[X](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/819354400>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something

we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2025 Newsmatics Inc. All Right Reserved.