March 24, 2026 (Vol. XXVI, No.15)

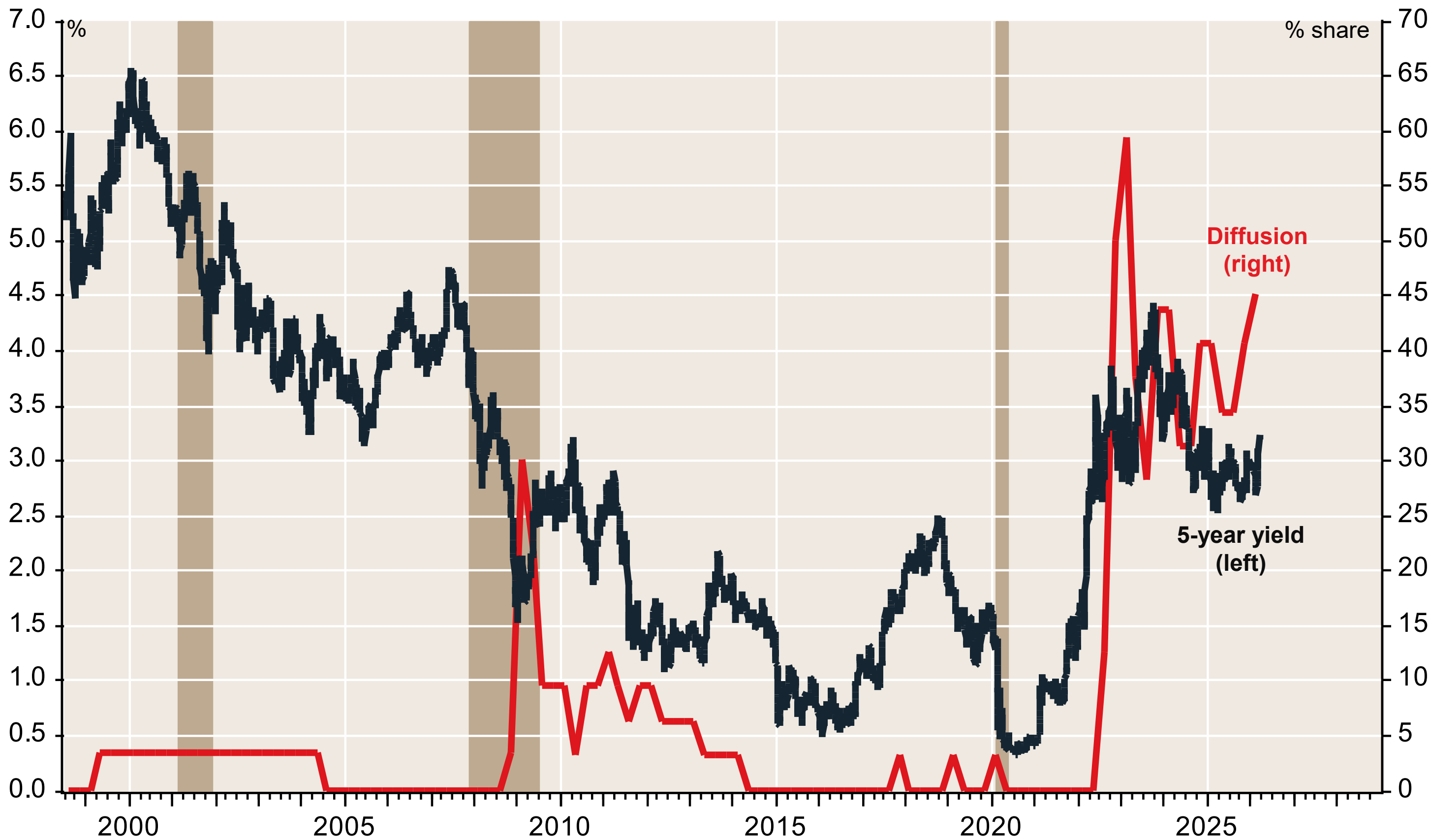
Canada Watch

By Stéfane Marion and Daren King

On Thursday, March 26, the Bank of Canada's Senior Deputy Governor, Carolyn Rogers, will speak to the Brandon Chamber of Commerce on *Economic developments, monetary policy and affordability*. We will be particularly keen to hear her views on affordability following her remarks after the last interest rate decision, when she stated that "We need house prices to come down, so that housing is more affordable. There isn't really a path to affordability, particularly in some of our big centres, without house prices correcting a bit."[1] That reference to "a bit" is all the more intriguing given Canada's already poor home-price diffusion. As today's Hot Chart shows, 45% of the 32 major housing markets covered by the Teranet–National Bank index posting price declines of at least 10% (while 20% are down 20% or more). That is close to the highest share on record, even with the five-year Treasury yield — a good proxy for mortgage rates — sitting just above 3%. Meanwhile, newly released data show that Ontario's mortgage delinquency rate is now above the national average for the first time since the financial crisis.

Canada: How much more is "a bit"?

Share of 32 housing markets down at least 10% from peak vs 5-year Treasury yield



NBC Economics and Strategy (data via Teranet-National Bank and Refinitiv)

[1] See **Financial Post**

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