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## *Economic rebound or fake-out?*



Since September 11, 2001 world economic news has gone from bleak to more positive. BC voters have been bombarded with funding cuts, government lay-offs, and changes in political economic direction; but like it or not B.C voters are joining the rest of the developed world with a market based economy.

As for interest rates and the economy moving forward at this juncture, analyst reports and economic data are as usual sending mixed messages, **but the overall opinion is quite positive.** My opinion on the matter is that when everyone in the press begins to express the same point of view it almost certainly now will not take

place.

The world is relying on the U.S to pull the global economy out of recession. I want to be more conservative on my prediction of economic recovery, and rather than adjust my opinion to match that of the rest of the pundits I will stay with my original view that we will generally see an improving trend in economic activity rather than a sharp “V” shaped economic recovery.

In 1999 I suggested to those clients who had a higher tolerance for risk to take a variable rate mortgage based on the prime rate but with a fixed payment based at 6.2% or higher, therefore benefiting

from the economy slowing and the interest rates declining. I of course had no idea that we would reach interest rates at a 40 year low after September 11 of last year.

Looking ahead, guidance to my clients remains the same because the economic data suggests to me that the entire economic recovery is dependant on the consumer to spend us out of this slow down; at a record level of debt it seems a rather weak hope.

As always I would suggest that clients review this column’s opinion and compare it with their own.

### Did you know...

- Polar bears have black skin.
- The earth is not really round—the southern hemisphere is actually slightly ‘fatter’ than the northern hemisphere.
- Kiwi are grown commercially on the southern tip of Vancouver Island.

## *Be a Step Ahead and Enjoy This Summer*

Many families choose the summer as the ideal time to move or purchase a new home. Subsequently, many mortgage renewals are due during the summer months.

Take a few minutes to locate your mortgage documents. Check your renewal date and give us a call three or four

months before your renewal date. **We can lock in your interest rate for up to 4 months; this way you can follow the rates down or stay locked in if the rates go up.**

Let us take care of ensuring you get the best renewal rate available while you enjoy the sunshine!





# ARMADA Mortgage Services

Phone: 604-467-6449  
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One of our lenders has a new adjustable rate mortgage which gives you more options in dealing with interest rates, whether they move up or down. If rates are stable or declining, you can ride them out; but if rates begin to rise sharply, you have the option of locking into a 3 year or longer term at any time. You are protected either way.

Another lender is offering 7 and 10 year mortgage term interest rate specials. These 7 and 10 year terms are available for all mortgage products with the exception of self employed borrowers. As a special incentive for customers, they are blending the 1 year posted rate with the 7 and 10 year rates.

This lender also offers a re-advanceable mortgage option. It is the hassle free way to take advantage of those great opportunities that occur in life. You have the option of convenient financing by increasing the outstanding balance of your mortgage up to the original amount without re-registering the mortgage. The minimum amount; for a re-advance is \$10,000.00.

## Financial Quiz

1. Interest rates in Canada are set by:

- A) The Prime Minister
- B) The Collation of Credit Unions
- C) The Bank of Canada
- D) Microsoft Money 2002

2. The Canadian dollar was recorded at at all-time high in what year?

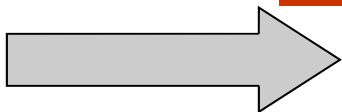
- A) 1959
- B) 1977
- C) 1985



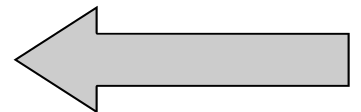
Answers: 1. C The Bank of Canada  
2. A 1959 (\$1.06 US)



Armada welcomes Barbara Wright to our staff as an administrative assistant. She comes to the world of finance after many years in the security industry. Please joins us in welcoming Barb to our team.



## QUICK FACT - What if?



Did you know that a little over 1% discount on your \$100,000 mortgage would mean almost a \$6,000 difference in interest over a period of five years?

	REGULAR	DISCOUNTED	SAVED WITH BROKER
Mortgage amount	\$100,000	\$100,000	-
Term-5 Years	5 Yrs	5 Yrs	-
Rate	7.5%	6.28%	1.22%
Amortization	25 Yrs	25 Yrs	0
Monthly Payment	\$731.55	\$656.54	(75.01)
Principle Paid	\$8,395.18	\$9,812.77	(\$1,417.59)
Interest Paid	\$35,497.82	\$29,579.63	<b>(\$5,918.19)</b>



What if it was a \$200,000? Double the savings. It sure pays to have a broker working for you!