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As of May 2025, that rate was 5.10%.Best Mortgage Rates in Canada Today’s Mortgage RatesAs of May 27, 2025The basket of 10 lenders includes: , BMO, TD, Scotiabank, RBC, National Bank, Desjardins, nesto, Tangerine, First National.Prime Rate and Bank of Canada Overnight Rate (1935 - 2025)Canada Prime Rate Changes Since 2010Effective DatePrime RateChangeMarch 13, 20254.95%-0.25% January 29, 20255.20%-0.25% December 11, 20245.45%-0.50% October 23, 20245.95%-0.50% September 4, 20246.45%-0.25% July 24, 20246.70%-0.25% June 5, 20246.95%-0.25% July 12, 20237.20%0.25% June 8, 20236.95%0.25% January 25, 20236.70%0.25% December 8, 20226.45%0.50% October 27, 20225.95%0.50% September 8, 20225.45%0.75% July 14, 20224.70%1.00% June 2, 20223.70%0.50% April 14, 20223.20%0.50% March 3, 20222.70%0.25% March 30, 20202.45%-0.50% March 17, 20202.95%-0.50% March 5, 20203.45%-0.50% October 25, 20183.95%0.25% July 12, 20183.70%0.25% January 18, 20183.45%0.25% September 7, 20173.20%0.25% July 13, 20172.95%0.25% July 16, 20152.70%-0.15% January 28, 20152.85%-0.15% September 9, 20103.00%0.25% July 21, 20102.75%0.25% June 2, 20102.50%0.25% Canada Bank Prime Rates Scotiabank's Prime rate is currently 4.95% Scotiabank's Prime rate was changed to 4.95% from 5.2% on March 13th, 2025 TD Bank's Prime rate is currently 4.95% TD Bank's Prime rate was changed to 4.95% from 5.2% on March 13th, 2025 CIBC's Prime rate is currently 4.95% CIBC's Prime rate was changed to 4.95% from 5.2% on March 13th, 2025 BMO's Prime rate is currently 4.95% BMO's Prime rate was changed to 4.95% from 5.2% on March 13th, 2025 National Bank's Prime rate is currently 4.95% National Bank's Prime rate was changed to 4.95% from 5.2% on March 13th, 2025Disclaimer:Any analysis or commentary reflects the opinions of WOWA.ca analysts and should not be considered financial advice. 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Please consult a licensed professional before making any decisions.The calculators and content on this page are for general information only. WOWA does not guarantee the accuracy and is not responsible for any consequences of using the calculator.Financial institutions and brokerages may compensate us for connecting customers to them through payments for advertisements, clicks, and leads.Interest rates are sourced from financial institutions' websites or provided to us directly. Real estate data is sourced from the Canadian Real Estate Association (CREA) and regional boards' websites and documents. The prime rate has risen and fallen over the past few decades as the Bank of Canada (BoC) has tried to keep inflation under control or to prevent the economy from entering a recession. While the rate isn’t as high as it was in the early 1980s, the series of hikes over the past two years have still been significant. Canadian financial institutions base their prime rate based on the overnight rate, which is set by the BoC. When the BoC raises or lowers the overnight rate, Canada’s big financial institutions typically increase or decrease the prime rate by the same amount. For example, if the BoC raises the overnight rate by 50 basis points (or half of a percentage point), the banks will also raise the prime rate by 50 basis points. If you have a variable-rate mortgage or recently renewed your fixed-rate mortgage, you’ve been affected by the recent spike in rates. While fixed-rate mortgage rates don’t immediately rise or fall after a change in the overnight rate, they are indirectly influenced by anticipated changes to the overnight rate. It’s almost impossible to determine where rates will be five or 10 years from now, regardless of what speculations you hear online or in the news. However, recent history may provide an indication of where rates may be headed in the near future. To take a closer look at the last 15 years, here’s how the prime rate has changed since 2009: The 1970s were an interesting time. Disco was hot, bell-bottoms were in and inflation started to soar. The consumer price index (CPI), which measures inflation, was just 1% at the beginning of 1971. By the end of the year, it was 4.9%. During that time, the BoC left rates unchanged and inflation was still rising. “Though inflation continued to rise, the BoC didn’t raise its policy rate until April 1973 and the pace of rate increases was so slow that it took another three years for it to get its policy rate to restrictive levels,” TD senior economist James Orlando wrote in a 2022 report. “By that point it was too late.” In 1973, adverse weather conditions caused food prices to jump a whopping 18.4%. Also, oil prices quadrupled as a result of the Yom Kippur war, resulting in higher gasoline prices. Inflation reached 12.7% in December 1974 and the economy entered into a recession. The prime rate was 6% in 1972 before the BoC began raising rates. It peaked at 11% in 1974–or so most people thought. There was another inflationary spike a few years later. Meat prices jumped 70% in 1978 and there was an oil crisis in 1979 due to the Iranian Revolution. The BoC raised rates again and the prime rate reached 15% by the end of 1979. Meanwhile, Paul Volcker was appointed chair of the U.S. Federal Reserve in 1979 and he would begin to tackle inflation aggressively. The problems of the 1970s spilled into the early 1980s. There was the Iran-Iraq war in 1980 and gasoline prices rose 45.5% in 1981. As a result, the Canadian CPI hit an all-time high of 12.9%. Paul Volcker wanted to tame inflation and the Bank of Canada followed suit. The prime rate, which had fallen to 12.25% in July 1980 jumped to 22.75% by August 1981. A five-year fixed rate mortgage peaked at 21.5%. The good news: inflation was no longer out of control. The bad news: there were recessions in both 1980 and 1981. Over time, the BoC cut rates and the prime rate was down to 8.25% in March 1987 before gradually rising back to 13.5% by the end of 1989. Canada’s economy continued to remain strong and the BoC kept raising rates. The prime rate peaked at 14.75% in spring 1990. However, the economy began to falter soon after and rates began to decline, dropping to 6.25% by September 1992. After that, the rate was never back above 10% and never below 4.75% for the rest of the decade. The 1990s were also when the BoC decided it would try out a new strategy called inflation targeting to keep inflation in check. The target range was between 1% and 3%, with the midpoint of the range (2%) being ideal. A few decades later, more people would become more familiar with this strategy. By the turn of the century, the economy was still growing but at a slower pace and inflation remained under control. The prime rate hit a peak of 7.5% in 2000, but it soon came down following the 9/11 terrorist attacks. Canada’s economy contracted slightly, but managed to avoid a recession and the prime rate dropped to 3.75% by early 2002. The economy began growing again and the BoC again started raising rates. The prime rate peaked at 6.25% in 2007, but a problem was on the horizon. The Global Financial Crisis hit and central banks around the world, including Canada’s own, began slashing rates. The prime rate dropped to as low as 2.25% in 2009. Interest rates stayed low for a while. As the economy showed signs of life, the BoC began raising rates again, but the prime rate stayed at 3% from late 2010 to 2014. The economy started slowing and the BoC cut rates twice in 2015. However, the large banks didn’t match the two overnight rate cuts of 25 basis points each. Instead, they lowered their prime rates by 15 basis points both times to 2.7%. Near the end of the 2010s, the economy improved and the BoC began raising rates again. The prime rate followed and reached 3.95% in 2018 and stayed there throughout 2019. A new decade began and inflation continued to stay under control. But the COVID-19 pandemic soon swept across the world and the economy slowed as lockdowns across the country, and the world, took hold. The Bank of Canada made three rate cuts in March 2020 and the prime rate dropped to 2.45%. The economy soon bounced back, but higher import prices, a decline in the Canadian dollar and rising energy prices due to geopolitical events led to rising prices, which pushed the inflation above 5% in early 2022. By June 2022, the annual inflation rate reached 8.1%, which was the largest increase in 41 years. The BoC acted aggressively and the overnight rate rose by 400 basis points over 10 months, sending the prime rate up to 6.45% by the end of the year. By summer 2023, the prime rate was 7.2%. Before cutting rates, the BoC needed to see signs that the downward trend of inflation proved “durable,” meaning sustainable. Statistics Canada reported that the annual inflation rate fell to 2.7% in April 2024, down from a high of 8.1% in June 2022. While that was at or slightly lower than what economists were expecting, it was still above the central bank’s inflation target. Then at its June 5, 2024 meeting, the central bank cut its overnight rate by 25 basis points to 4.75%, its first cut in four years. In response, the Big Six Banks cut their prime rate to 6.95% (though TD Bank posts a mortgage prime rate of 7.10%.) Later that month, StatCan reported that Canada’s inflation rate fell to 2.7%, giving the central bank the green light to continue easing rates. At its July 24, 2024, rate announcement, the Bank of Canada once again cut its key lending rate by 25 basis points to 4.50%. Again, the banks cut their prime rate to 6.70%. In July, Canada’s inflation rate slowed again to 2.5%, a 40-month low. And at its policy announcement meeting on September 4, 2024, the BoC again cut its key overnight lending rate by 25 basis points to 4.25%. In turn, the Big Six began cutting their prime rate to 6.45%. On October 15, 2024, headline inflation slowed to 1.6%, beating analysts’ expectations and lower than the 2% print in August. At its October 23 meeting, the central bank cut rates by 50 basis points, bringing the key overnight lending rate to 3.75%. The banks again cut their prime rate to 5.95%. Governor Tiff Macklem also left the door open for future rate cuts noting, “If the economy evolves broadly in line with this [October] forecast, we anticipate cutting our policy rate further to support demand and keep inflation on target. The timing and pace of further interest rate cuts will depend on incoming information and our assessment of its implications for the inflation outlook. We will take our monetary policy decisions one at a time.” At its December 11, 2024 meeting, the central bank cut its key overnight lending rate to 3.25% and the banks, in turn, lowered their prime rate to 5.45%. On January 29, 2025, the BoC cut rates by a more modest 25 basis points to 3%, and the banks cut their prime rate to 5.20%. Then most recently, on March 12, the BoC cur rates as expected by another 25 basis points to 2.75% and the banks, in turn, lowered their prime rate to 4.95%. The next CPI release is scheduled for April 15, 2025, and the next Bank of Canada rate announcement is on April 16, 2025. Related: Mortgage Rates History “Prime rate” is the basis for variable mortgage rates in Canada. The official benchmark is calculated by the Bank of Canada. It generally follows changes to the central bank’s overnight target rate. What is Prime Rate? Prime rate is a floating rate that lenders use as the foundation for various lending products, like variable mortgage rates, credit cards and HELOCs. The prime interest rate typically moves up and down with the Bank of Canada’s overnight target rate. For that reason, some people refer to it as “Bank of Canada prime rate.” That is incorrect because the Bank does not directly set prime. Lenders do. People also refer to it as the “prime mortgage rate.” In Canada, very few lenders have a separate prime rate for mortgages; TD being one notable exception. It’s important to remember that each lender sets its own prime rate. For that reason, lenders don’t always follow the Bank of Canada’s lead. In fact, there are multiple cases where lenders have not followed the Bank in dropping prime, much to the frustration of borrowers. What is the Current prime rate? Prime rate in Canada is presently 2.45%. It last changed on March 30, 2020 when it decreased by 0.50 percentage points. Canada’s benchmark prime rate is based on the “Big 6” banks’ prime rates, including: RBC Prime Rate: 2.45% TD Prime Rate: 2.45%* Scotiabank Prime Rate: 2.45% BMO Prime Rate: 2.45% CIBC Prime Rate: 2.45% National Bank Prime Rate: 2.45% * Note: TD Mortgage Prime Rate is 2.60%. The bank has separate prime rates for mortgage and non-mortgage lending. How is Prime Rate Set? Canada’s benchmark for prime rate is published by the Bank of Canada each week. It’s calculated as a mode average of the Big 6 banks’ official prime rates. RBC prime rate and TD prime rate are the most referenced prime rates in Canada. What Causes Prime Rate to Rise and Fall? Prime rate generally follows the overnight rate. The Bank of Canada typically hikes the overnight rate (which causes prime rate to increase) when it is worried that inflation could exceed its 3% upper limit. The Bank of Canada typically cuts the overnight rate (which causes prime rate to fall) when it is worried that inflation could undershoot its 1% floor. Prime Rate History The following table shows a history of Canadian prime rate changes dating back to the start of the millennium. March 2020 2.45 March 2020 2.95 March 2020 3.45 October 2018 3.95 July 2018 3.70 January 2018 3.45 September 2017 3.20 July 2017 2.95 July 2015 2.70 January 2015 2.85 September 2010 3.00 July 2010 2.75 June 2010 2.50 April 2009 2.25 March 2009 2.50 January 2009 3.00 December 2008 3.50 October 2008 4.00 October 2008 4.50 April 2008 4.75 March 2008 5.25 January 2008 5.75 December 2007 6.00 July 2007 6.25 May 2006 6.00 April 2006 5.75 March 2006 5.50 January 2006 5.25 December 2005 5.00 October 2005 4.75 September 2005 4.50 October 2004 4.25 September 2004 4.00 April 2004 3.75 March 2004 4.00 January 2004 4.25 September 2003 4.50 July 2003 4.75 April 2003 5.00 March 2003 4.75 July 2002 4.50 June 2002 4.25 April 2002 4.00 January 2002 3.75 November 2001 4.00 October 2001 4.50 September 2001 5.25 August 2001 5.75 July 2001 6.00 May 2001 6.25 April 2001 6.50 March 2001 6.75 January 2001 7.25 May 2000 7.50 March 2000 7.00 February 2000 6.75 November 1999 6.50 Prime Rate History All-time high: 22.75% (Aug. 1981) All-time low: 2.25% (Apr. 2009) Longest period of no change: 4.33 years (Sep. 2010 to Jan. 2015) Since the Bank of Canada started inflation targeting in 1991, the average Bank of Canada rate hike cycle has lasted 2.29 percentage points (as measured from the trough to the peak, as of September 2018). Canada Prime Rate Forecast 2021 As of September 7, 2021, economists’ median average forecasts for prime rate are: 2.45% by year-end 2021 2.83% by year-end 2022 * These estimates are based on RateSpy’s projected spread between prime rate and future overnight rates. Overnight rate forecasts reflect the consensus of major economists, as tracked regularly by Bloomberg. Forecasts are subject to change. In the long-run, the Bank of Canada projects a normal (a.k.a. “neutral”) overnight rate of roughly 2.75%. That implies a long-run prime rate of 4.95%. But keep in mind that BoC rate forecasts are notorious for being too high. Overnight Index Swap (OIS) Implied Forecast The most commonly cited market forecast for Canada’s prime rate is derived from overnight index swaps (OIS). OIS are derivatives that traders use to bet on the direction of Canada’s overnight target rate. As of July 14, 2021, market implied policy rates (as tracked by Bloomberg) are pricing in 1.5 rate hikes in the next 12 months. If a hike occurred, Canada’s prime rate could potentially rise to 2.70%. Note: OIS prices are highly volatile, are subject to change and should not be relied on for mortgage decisions. How Does Prime Rate Affect Variable Mortgage Rates? Closed variable rates are typically priced at a discount to prime rate. For example: prime – 0.50%. Open variable rates are generally sold at a premium to prime rate. Example: prime + 0.75%. HELOC rates are also generally priced at a premium to prime rate. Example: prime + 0.50%. When Will Prime Rate Change Next? Prime almost always changes right after Bank of Canada rate announcements. The Bank meets eight times a year. Most of the time, the Bank does not change rates at its rate meetings. The next Bank of Canada rate meeting is October 27, 2021. Canadian Prime Rate Chart Below is a graph of Canada’s prime rate since the mid-1970s. It typically follows the Bank of Canada’s overnight rate but there have been notable exceptions, most recently in 2015 when Canadian banks refused to pass through 20 bps of BoC rate cuts to borrowers. Unlimited access tailored to your data needs Flexible monthly access to CEIC data First, what is the prime rate? The prime rate is the benchmark interest rate banks use as a reference to decide how much to charge for loans. The prime rate goes up or down when the Bank of Canada (BoC) changes its main interest rate, but it is always a bit higher than the central bank's. Variable rate mortgages and lines of credit are especially affected by changes to the prime rate. Each bank can set its own prime rate, but most big banks in Canada have similar benchmark rates to improve competitiveness. Canada’s prime rate has moved significantly over the past 70 years, both up and down. It reached an all-time high of 22.75% in August 1981. This occurred when the BoC began frantically hiking overnight rate to control runaway inflation, which wreaked havoc on the economy. As a result, many homebuyers faced rates of more than 20% on their mortgages. Canada’s record low prime rate was 2.25%, which occurred in April 2009, at the tail end of the 2007-2008 economic recession (also known as the Global Financial Crisis), when the Bank of Canada suddenly dropped its lending rates to near-zero to stimulate the faltering economy. The longest period that Canada’s prime rate remained unchanged was between September 2010 and January 2015, when it sat at 3.00%. It also remained steady more recently, during the COVID-19 pandemic (from April 2020 to March 2022), at 2.45%. In June 2024, however, the prime rate was the highest it had been in decades, sitting at 6.95%. That's even higher even than what it was during the 2007 financial crisis (it peaked at 6.25% in 2007). The silver lining is that prime rates are finally declining, aligning with the Bank of Canada's trend of rate cuts, which have brought inflation under control. Current prime rate: 4.95% Last change: Mar. 13, 2025 (down 25 basis points since the January BoC update). Prime rates move in tandem with the Bank of Canada’s decisions about the benchmark overnight interest rate, which has been cut by 50 bps so far this year. As of April 2025, the prime rate stands unchanged from March at 4.95%. With rates trending downward, the general economic outlook suggests improved affordability for borrowers. Inflation has been declining since late 2023 and now stands at 2.3%, comfortably within the BoC’s target range of 1 to 3%. However, the future of Canada’s economy – and the globe’s – remains highly uncertain. The U.S. has alternated between imposing tariffs on trading partners and pausing them at the last minute. President Trump has maintained tariffs on Canadian energy, aluminum, and automotive exports, showing no sign of lifting them anytime soon. These, combined with our retaliatory tariffs, weakening dollar, and anticipated federal deficit could alter monetary policy. Despite these challenges, analysts expect at least an incremental 1% reduction in the prime rate over the course of 2025, making the current forecast look like this: Estimated prime rate by year-end 2025: 4.45% - 4.70% The prime rate almost always changes when the Bank of Canada raises or lowers its overnight rate. Also known as the Bank of Canada’s policy rate, key interest rate or target rate, overnight rate is the amount the Bank wants Canada’s largest financial institutions to charge each other when lending and borrowing in the overnight market. The Bank delivers eight scheduled interest rate decisions per year. As of Apr. 16, 2025, the prime rate sits at 4.95% following the Bank of Canada's 25 bps rate cut in March. The Bank of Canada can also hold emergency rate meetings in times of economic crisis. It did this last in the spring of 2020, during the COVID-19 pandemic, and before that, during the global financial crisis of 2008. In both cases, the Bank’s emergency rate cuts resulted in reductions to Canada’s prime rate. The next scheduled date for interest rate announcement is in 2025: The Monetary Policy Report is published concurrently with the January, April, July and October rate announcements. All rate announcements occur at 9:45 am EST. Prime rate typically follows a parallel path with the Bank of Canada’s overnight rate. But this isn’t always the case. For instance, when the Bank of Canada dropped its overnight target rate twice by 25 basis points (or 50 basis points in total) in 2015, the other banks didn’t follow suit, opting to lower the prime rate by only 0.3% to boost their earnings. Sometimes, a bank moves its own prime rate unilaterally, as TD Canada Trust did in November 2016. TD decided to hike its mortgage prime rate from 2.70% to 2.85%, forcing its existing variable-rate customers to pay 0.15% above the official prime rate. The current overnight rate is 2.75%, while the prime rate stands at 4.95%. Economists from Canada’s largest banks predict at least two more 25-bps reduction to the overnight rate by the end of 2025, with the prime rate to follow. However, it’s possible – though highly unlikely – that the prime rate will not follow suit so readily. For example, banks could opt to reduce their rates by smaller amounts, or not at all. The following graph shows the movements of Canada’s prime rate over the last 40 years. Prime rate trends in Canada (through 2025) Need more information on Canada's prime rate? We have you covered. Prime rate is the base interest rate used by most financial institutions to price floating-rate lending products. This includes things like variable-rate mortgages, personal and home equity lines of credit (HELOCs), commercial loans and credit cards.Each lender sets its own prime rate, but they usually match the benchmark prime rate calculated by the Bank of Canada. Canada’s prime rate is 4.95%, last changing in March 2025. The country’s official prime rate is calculated by the Bank of Canada using a mode average of the Big Six banks’ individual prime rates.This rate is published by the Bank of Canada on a weekly basis, but typically only changes following adjustments to the Bank's overnight rate.For example, if the Bank of Canada cuts its overnight rate, the big banks typically announce reductions to their individual prime rates not long after the Bank's decision.If a majority of the big banks adjust their individual prime rates, Canada’s official prime rate – or benchmark rate – will also change accordingly Most lenders will quote their variable (or 'floating') rates as either a premium or a discount in relation to prime rate.For example, you’ll generally see closed variable rates advertised at a discount, like 'prime – 0.60%.'Open variable rates, which allow the borrower to repay the loan as quickly as they want without penalty, are typically priced much higher and are therefore quoted at a premium to prime rate, such as 'prime + 1.50%.' This goes for most HELOCs as well.As the prime rate changes, a floating-rate borrower’s interest rate fluctuates. But that doesn’t necessarily mean their monthly payments will change.In the case of variable-rate mortgages, borrowers can get a fixed-payment variable rate. That means when prime rate rises, the monthly payment remains the same, but the amount of the payment going towards interest increases. If interest rates fall, someone with a fixed-payment mortgage will see the interest portion of their payment decline, while more will go towards reducing the principal.By contrast, someone with an 'adjustable-rate' mortgage will have payments that move up and down with prime rate. In other words, the amount of principal being paid never decreases, regardless of what prime rate does. That keeps your amortization (the time required to pay off your mortgage) on track. The number one factor driving changes to prime rate is inflation expectations. The Bank of Canada is required to set monetary policy to achieve a target inflation rate of 2%. It typically does this by increasing or decreasing its overnight rate.When its economic models suggest inflation is falling materially below the 2% target, the Bank of Canada will cut its overnight rate to stimulate more borrowing, economic activity and inflation. That generally leads to a lower prime rate.When the Bank expects inflation to meaningfully exceed the 2% target, it typically hikes its overnight rate, leading to a higher prime rate. This Page's Content Was Last Updated: November 13, 2024 WOWA Simply Know Your Options Current Bank Prime Rates* Toronto-Dominion (TD) Bank uses a different Prime rate for its variable rate mortgage products. 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Please consult a licensed professional before making any decisions.The calculators and content on this page are for general information only. WOWA does not guarantee the accuracy and is not responsible for any consequences of using the calculator.Financial institutions and brokerages may compensate us for connecting customers to them through payments for advertisements, clicks, and leads.Interest rates are sourced from financial institutions' websites or provided to us directly. Real estate data is sourced from the Canadian Real Estate Association (CREA) and regional boards' websites and documents. When the prime rate in Canada goes up or down, your mortgage rate will go up or down by the same amount. Variable mortgages usually come with a lower rate vs. fixed-rate mortgages when you sign up, but there’s the risk that the rate could go up (or down) during your mortgage term. Many lenders will allow you to convert a variable-rate mortgage to a fixed-rate mortgage at any time, but you will have to pay the fixed rate as of the time you decide to switch. Let’s look at an example. If the prime rate is 3.0%, and you get a variable-rate mortgage at prime minus 0.8%, your effective interest rate will be 2.2%. Example 1: Your original mortgage rate prime rate - discount to prime rate = your mortgage rate 3.00% - 0.80% = 2.20% The prime rate can rise and fall over time, and variable-rate loans will rise and fall with it. To continue this example, if the prime rate were to increase by 0.25% to 3.25%, the interest rate on your mortgage would rise by the same amount, to 2.45%. Example 2: Your new rate after prime rate increases during your mortgage term new prime rate - discount to prime rate = your new mortgage rate 3.25% - 0.80% = 2.45% (new mortgage rate) BMO on The Day Ahead in Canada MT Newswires 05/13 07:37 BMO on Rate Moves for Mortgage Renewals in Canada MT Newswires 05/09 07:17 BMO on The Day Ahead in Canada MT Newswires 05/08 08:06 This Page's Content Was Last Updated: November 13, 2024 WOWA Simply Know Your Options Current Bank Prime Rates* Toronto-Dominion (TD) Bank uses a different Prime rate for its variable rate mortgage products. 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Please consult a licensed professional before making any decisions.The calculators and content on this page are for general information only. WOWA does not guarantee the accuracy and is not responsible for any consequences of using the calculator.Financial institutions and brokerages may compensate us for connecting customers to them through payments for advertisements, clicks, and leads.Interest rates are sourced from financial institutions' websites or provided to us directly. Real estate data is sourced from the Canadian Real Estate Association (CREA) and regional boards' websites and documents. Each bank sets its own prime rate, but the Big Five Banks usually all have the same prime rate. The prime rate is primarily influenced by the policy interest rate set by the Bank of Canada (BoC), also known as the BoC's target for the overnight rate. When the BoC raises the overnight rate, it becomes more expensive for banks to borrow money, and they raise their respective prime rates to cover the added costs. Conversely when the BoC lowers the overnight rate, banks usually lower their prime rates by the same amount. Is the prime rate going up in Canada? From early 2022 to the first half of 2023, the prime rate steadily increased in response to the Bank of Canada’s efforts to control high inflation. During this period, the Bank of Canada implemented a series of 10 rate hikes, pushing its Overnight Lending Rate to 5% by mid-2023. This resulted in the prime rate rising to 7.2%. However, the trend reversed in June 2024. By March 12, 2025, the Bank had implemented seven consecutive rate cuts, reducing its benchmark rate from 5% to 2.75% — a total reduction of 225 basis points. In April 2025, the BoC held its overnight rate steady at 2.75%. As a result of these cuts and the recent hold, the prime rate has remained steady at 4.95%, offering much-needed relief to borrowers. How does the prime rate affect mortgage rates in Canada? There are two main types of mortgage rates in Canada – fixed and variable. When you get a fixed mortgage rate, you agree to pay the same rate over the entire course of your mortgage term regardless of what happens in the outside market. Fixed mortgages are a good option if you’re worried mortgage rates will go up, or if you want to enjoy the stability of paying the same mortgage rate until it’s time to renew. When you get a variable mortgage rate, the rate will be expressed as the prime rate plus or minus a certain percentage. When the prime rate in Canada goes up or down, your mortgage rate will go up or down by the same amount. Variable mortgages usually come with a lower rate vs. fixed-rate mortgages when you sign up, but there’s the risk that the rate could go up (or down) during your mortgage term. Many lenders will allow you to convert a variable-rate mortgage to a fixed-rate mortgage at any time, but you will have to pay the fixed rate as of the time you decide to switch. Let’s look at an example. If the prime rate is 3.0%, and you get a variable-rate mortgage at prime minus 0.8%, your effective interest rate will be 2.2%. Example 1: Your original mortgage rate prime rate - discount to prime rate = your mortgage rate 3.00% - 0.80% = 2.20% The prime rate can rise and fall over time, and variable-rate loans will rise and fall with it. To continue this example, if the prime rate were to increase by 0.25% to 3.25%, the interest rate on your mortgage would rise by the same amount, to 2.45%. 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Please consult a licensed professional before making any decisions.The calculators and content on this page are for general information only. WOWA does not guarantee the accuracy and is not responsible for any consequences of using the calculator.Financial institutions and brokerages may compensate us for connecting customers to them through payments for advertisements, clicks, and leads.Interest rates are sourced from financial institutions' websites or provided to us directly. Real estate data is sourced from the Canadian Real Estate Association (CREA) and regional boards' websites and documents. The current prime rate in Canada is 5.20% as of February 21st, 2025. The prime rate dropped effective January 29, 2025 by 0.25% as the bank of Canada reduced their policy rate by 25 basis points. The prime rate is the interest rate that banks and lenders use to determine the interest rate for various loans such as mortgages, credit cards and auto loans. The prime rate will impact the rate that you enter into for these financial products. If you choose a variable-rate loan, the prime rate plus a percentage is generally used to calculate your debt payments. Prime rate changes over the past 5 years The prime rate in Canada has seen some substantial changes over the past 5