



CMHC MORTGAGE

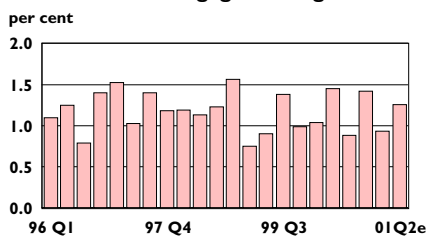
MARKET TRENDS

Canada Mortgage and Housing Corporation

Third Quarter, 2001

MORTGAGE LENDING

Residential mortgage credit growth*



* quarter-over-quarter estimate
Sources: CMHC, Bank of Canada, Statistics Canada
CMHC-MAC 2001

MARKET SHARE OF RESIDENTIAL MORTGAGE CREDIT (%) *

	2Q00	3Q00	4Q00	1Q01	2Q01e
Banks	69.1	69.5	69.7	69.8	70.0
Trusts	2.0	1.8	1.8	1.8	1.8
Caisse & Co-op	13.8	13.8	13.8	13.9	14.1
Life Ins. Co.	4.5	4.4	4.4	4.4	4.3
Pension Funds	2.2	2.2	2.2	2.3	2.3
Others **	8.4	8.1	8.1	7.8	7.6

* Excludes Special Purpose Vehicles
** Includes non-depository credit intermediaries
e: estimate
Sources: Bank of Canada, CMHC, Statistics Canada
MAC 2001

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MORTGAGE CREDIT INCHING UP

by Ali Manouchehri, Senior Economist - Capital Markets

Low mortgage rates, rising disposable income and high consumer confidence laid the foundation for an active housing market and growth in mortgage credit in the second quarter of 2001.

Active housing markets set the tune

Rising home sales, house prices, and home building in the second quarter of 2001 combined with low mortgage rates helped residential mortgage credit grow 1.3 per cent over the previous quarter.

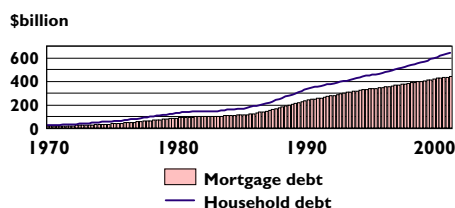
Residential mortgage debt reached \$443.9 billion in the second quarter of this year, accounting for 69.2 per cent of household debt.

Resale markets led the way with the number of homes sold through MLS ¹ rising by 5.4 per cent and the

average price up by 3.1 per cent in the second quarter of 2001.

Although home construction increased only 0.3 per cent over the previous quarter, the level of housing starts at seasonally adjusted annual rate of 163,500 units in the second quarter of this year was the highest in seven years. ■

Residential mortgage credit up



Sources: CMHC, Bank of Canada, Statistics Canada
CMHC-MAC 2001

Due to the recent events and their exceptional impact on the economy, the article on provincial mortgage markets is not published in this Mortgage Markets Trends issue. Your subscription will therefore be prolonged by one quarterly issue.



HOME TO CANADIANS
Canada

INDICATORS OF MORTGAGE LENDING ACTIVITY

MORTGAGE CREDIT OUTSTANDING (\$MILLIONS)*

	1998	1999	2000	2Q00	3Q00	4Q00	1Q01	2Q01e
TOTAL	390,489	408,076	427,075	425,197	428,941	435,035	439,074	443,913
% change	5.0	4.5	4.7	1.4	0.9	1.4	0.9	1.1
Banks **	239,865	252,535	280,529	279,515	283,938	288,900	292,557	297,237
Trusts **	24,439	22,372	8,712	8,031	7,514	7,456	7,674	7,495
Caisse & Co-op **	53,145	54,182	56,194	55,867	56,533	57,059	58,204	59,677
Life Ins. Co. **	20,795	18,857	18,183	18,214	18,132	18,115	18,228	18,269
Pension Funds **	7,857	7,948	8,962	8,869	9,089	9,280	9,509	9,795
Others **, ***	35,438	35,495	33,986	33,854	33,267	33,478	32,802	32,100

*Seasonally adjusted data

e: estimate

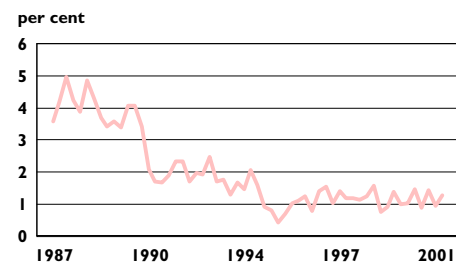
** Excludes Special Purpose Vehicles

*** Includes non-depository credit intermediaries

Sources: Bank of Canada, CMHC, Statistics Canada

CMHC-MAC 2001

Quarterly residential mortgage credit growth



Sources: CMHC, Bank of Canada, Statistics Canada
CMHC-MAC 2001

MORTGAGE LOANS APPROVED*

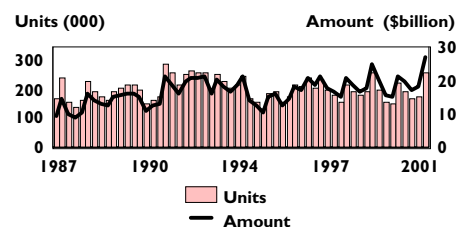
		1999	2000	2Q00	3Q00	4Q00	1Q01	2Q01
TOTAL	\$ millions	78,321	73,964	21,644	19,828	17,346	18,374	27,118
	Units	814,934	738,357	228,110	197,762	169,388	180,012	260,126
By Type of Lender								
Banks & Other	\$ millions	72,578	68,278	19,936	18,302	16,088	17,005	25,490
	Units	742,566	670,795	195,029	180,385	152,381	162,948	240,186
Trusts	\$ millions	4,662	4,211	1,332	1,169	814	928	1,246
	Units	52,429	42,643	12,603	11,389	9,349	9,547	12,240
Life Ins. Co.	\$ millions	1,082	1,475	376	358	443	441	382
	Units	19,939	24,919	7,178	5,988	7,658	7,517	7,700

* Not seasonally adjusted

Source: CMHC

CMHC-MAC 2001

Mortgage loans approved



Source: CMHC

CMHC-MAC 2001

MORTGAGE RATES (%)*

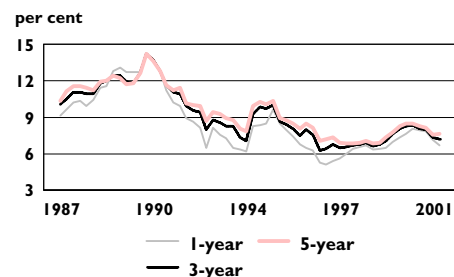
	1998	1999	2000	2Q00	3Q00	4Q00	1Q01	2Q01
1-year	6.50	6.80	7.85	8.03	7.90	7.83	7.10	6.73
3-year	6.77	7.37	8.17	8.33	8.10	8.00	7.35	7.23
5-year	6.93	7.56	8.35	8.52	8.25	8.15	7.58	7.67

* Average of period

Sources: Bank of Canada, CMHC

CMHC-MAC 2001

Mortgage rates



Sources: CMHC, Bank of Canada

CMHC-MAC 2001

NHA MBS ISSUES UP IN THE SECOND QUARTER OF 2001

by Ali Manouchehri, Senior Economist - Capital Markets

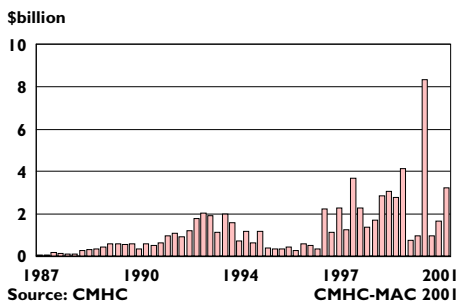
The NHA MBS issues at \$3.2 billion in the second quarter of 2001 were nearly double the volume issued in the previous quarter.

NHA MBS issues rose in the second quarter of 2001, with 41 new pools issued totalling \$3.2 billion. This was up 94.5 per cent from the previous quarter.

A number of factors contributed to fostering a favourable environment for NHA MBS to grow in the second quarter of 2001. These factors included:

- ◆ The introduction of CMHC's Canada Mortgage Bonds Program;
- ◆ portfolio management considerations by financial institutions; and
- ◆ growing housing markets and strong demand for mortgages.

Quarterly NHA MBS issuance



Single-family pools continue to lead

The single-family mortgage pool types led the way in the second quarter of 2001 with the issue of 26 new pools amounting to \$2.7 billion. The single-family 970 indemnity pools continued to remain popular, with nearly \$2.1 billion in new issues. The pool type 975 came in second with \$621 million in new issues.

Social housing, multiple, and mixed pools up as well

New issues of social housing, multiple, and mixed pools reached \$293.8, \$50.4 and \$138.3 million respectively in the second quarter of 2001.

Longer term issues are the norm

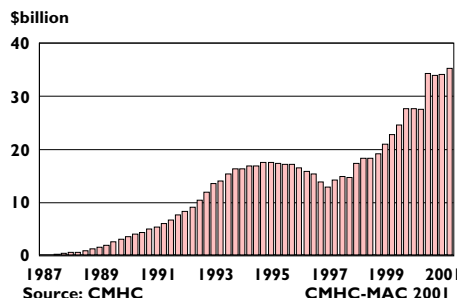
The 5-year term, at 93 per cent of the new issues, was the largest component of NHA MBS, followed by longer terms at 4.6 per cent of the new issues in the second quarter of 2001.

NHA MBS outstanding

Large issues of NHA MBS since 1997 helped raise outstanding volume to \$35.4 billion by the second quarter of 2001, up from \$34.2 billion in the previous quarter.

NHA MBS accounted for 7.9 percent of residential mortgage credit outstanding in the second quarter of this year. On the other hand, Special Purpose Vehicles' (SPV) accounted for 4.3 per cent of residential mortgage credit outstanding in the same period. ■

NHA MBS outstanding, end of quarter



NHA MBS highlights

Second quarter 2001

New issues:

- ✓ 41 pools amounting to \$3.2 billion
- ✓ pool type 970 accounted for 63 per cent of all issues
- ✓ 26 single family-pools totalling \$2.7 billion or 84 per cent of all issues
- ✓ issues of social housing, multiple, and mixed pools at \$293.8, \$50.4, and \$138.3 million respectively were up

MBS-bond yield spreads:

- ✓ at 26-36 basis points for 5-year terms, spreads narrowed by 1-3 basis points from their levels in the previous quarter

Outstanding volume:

- ✓ \$35.4 billion outstanding, up from \$34.2 billion in the previous quarter

NHA MBS STATISTICS

NHA MORTGAGE-BACKED SECURITIES

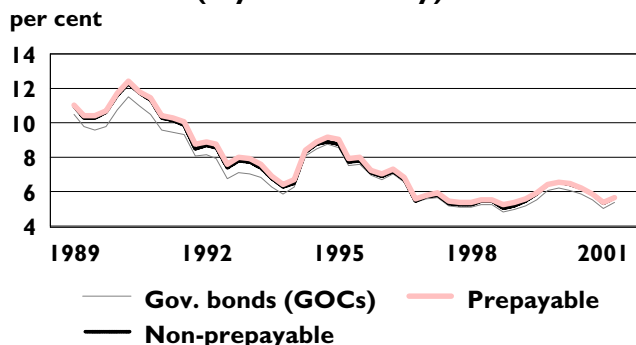
(Average of period except when indicated)

		1999	2000	2Q00	3Q00	4Q00	1Q01	2Q01
OUTSTANDING AMOUNT (End of period)								
TOTAL	\$million	27,691	33,924	27,610	34,305	33,924	34,217	35,391
	Units	1,072	1,005	1,043	1,036	1,005	993	986
Residential, single (with PIP)	\$million	2,208	1,976	2,097	2,013	1,976	1,898	1,847
	Units	323	254	285	266	254	246	241
Residential, single (no PIP)	\$million	1,169	918	1,071	990	918	849	750
	Units	201	175	193	184	175	169	160
Residential, single (no PIP with indemnity)	\$million	17,721	24,325	17,621	24,505	24,325	23,748	24,253
	Units	188	236	204	232	236	234	239
Residential, single (no PIP with indemnity, 5-year)	\$million	0	0	0	0	0	958	1,545
	Units	0	0	0	0	0	4	9
Residential, multiple	\$million	1,579	1,467	1,563	1,482	1,467	1,434	1,393
	Units	109	110	115	114	110	109	106
Social Housing	\$million	3,693	3,809	3,902	3,933	3,809	3,843	4,023
	Units	150	122	141	134	122	119	113
Mixed	\$million	1,321	1,430	1,356	1,383	1,430	1,488	1,580
	Units	101	108	105	106	108	112	118
ISSUES (Total of period)								
TOTAL	\$million	12,854	11,014	967	8,321	971	1,658	3,226
	Units	165	120	26	48	20	22	41
Residential, single (with PIP)	\$million	1,172	150	28	35	48	35	74
	Units	24	13	2	4	3	3	5
Residential, single (no PIP)	\$million	142	16	0	0	0	0	11
	Units	19	4	0	0	0	0	1
Residential, single (no PIP with indemnity)	\$million	9,473	9,664	566	7,939	778	403	2,037
	Units	45	56	11	32	8	6	15
Residential, single (no PIP with indemnity, 5-year)	\$million	0	0	0	0	0	971	621
	Units	0	0	0	0	0	4	5
Residential, multiple	\$million	385	245	83	67	80	4	50
	Units	22	19	6	4	5	1	3
Social Housing	\$million	1,188	780	270	242	7	171	294
	Units	24	16	4	5	1	3	4
Mixed	\$million	493	159	21	38	58	75	138
	Units	31	12	3	3	3	5	8
YIELDS (5-year maturity,%)								
MBS Prepayable (with PIP)		5.86	6.30	6.49	6.23	5.88	5.41	5.72
MBS Prepayable (no PIP)		5.92	6.36	6.54	6.29	5.94	5.47	5.77
MBS Non-prepayable		5.76	6.27	6.42	6.22	5.88	5.37	5.67
MBS MMUF		5.81	6.33	6.48	6.28	5.94	5.43	5.72
Mortgage rates		7.56	8.35	8.52	8.25	8.15	7.58	7.67
GOCs		5.47	5.96	6.13	5.89	5.55	5.09	5.41
SPREADS OVER GOC (5-year maturity,%)								
Prepayable (with PIP)		0.40	0.35	0.36	0.34	0.34	0.32	0.31
Prepayable (no PIP)		0.45	0.40	0.42	0.39	0.39	0.38	0.36
Non-prepayable		0.30	0.31	0.30	0.33	0.34	0.29	0.26
MMUF		0.35	0.37	0.35	0.38	0.39	0.34	0.31
Mortgage rates		2.09	2.39	2.39	2.36	2.60	2.50	2.26

* PIP stands for Penalty Interest Payments. Not seasonally adjusted.
Sources: CMHC, Bank of Canada

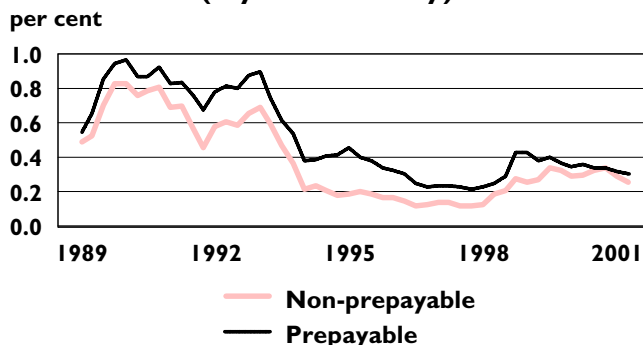
CMHC - MAC 2001

**Selected interest rates
(5-year maturity)**



Sources: CMHC, Bank of Canada, Nesbitt Burns
CMHC-MAC 2001

**Spreads over GOCs
(5-year maturity)**



Sources: CMHC, Bank of Canada, Nesbitt Burns
CMHC-MAC 2001

NHA MORTGAGE-BACKED SECURITIES

APRIL TO JUNE 2001 ISSUES

POOL NO.	ISSUER	VALUE (\$)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
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Month of Issue: April 2001

NHA-Insured Market Residential Pools (Single Units)

96-413-653	Alberta Motor Assoc.Insur.Comp	14,167,606.50	5.150	2006-04-01	7.21	22.85
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NHA-Insured Market Residential Pools (Mixed)

96-501-465	Toronto-Dominion Bank	9,065,543.00	5.375	2011-04-01	6.05	35.00
96-501-507	Equitable Trust Company (The)	2,241,049.34	5.350	2004-04-01	6.15	17.00
96-501-515	Equitable Trust Company (The)	8,541,760.04	5.650	2006-04-01	6.55	19.05

NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)

97-002-588	M.R.S. Trust Company	7,989,527.03	5.200	2006-04-01	6.63	22.48
97-002-596	Bank of Montreal	202,083,602.59	5.125	2005-12-01	7.39	21.33

Social Housing Pools

99-008-369	Bank of Nova Scotia	9,369,152.00	5.450	2011-04-01	5.98	31.86
99-008-377	Bank of Nova Scotia	187,962,572.67	4.800	2006-04-01	5.34	26.30

Month of Issue: May 2001

NHA-Insured Market Residential Pools (Single Units)

96-413-679	Alberta Motor Assoc.Insur.Comp	15,672,661.12	5.500	2006-05-01	7.00	22.77
96-413-695	Vancouver City Savings CU	13,222,560.52	5.500	2006-04-01	6.81	20.34

NHA-Insured Market Residential Pools (Mixed)

96-501-523	Maritime Life Assurance Co.	78,257,020.23	5.430	2011-05-01	6.51	24.62
96-501-549	Equitable Trust Company (The)	7,502,666.85	6.000	2011-05-01	6.77	24.91
96-501-556	Equitable Trust Company (The)	8,316,087.85	5.450	2006-05-01	6.26	17.99

NHA-Insured Market Residential Pools (Multiple Units)

96-601-604	Peoples Trust Company	16,408,555.35	5.100	2006-05-01	5.88	23.53
96-601-612	Peoples Trust Company	15,747,191.25	5.650	2011-05-01	6.43	24.90

NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)

97-002-604	M.R.S. Trust Company	8,493,803.00	5.600	2006-05-01	6.40	22.97
97-002-653	Bank of Montreal	80,649,415.19	4.875	2004-03-01	7.11	21.12

NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)

97-500-052	Home Trust Company	11,811,487.81	5.625	2006-04-01	8.00	22.95
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Social Housing Pools

99-008-385	Bank of Nova Scotia	66,321,558.49	5.100	2006-05-01	5.63	26.78
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Definition of NHA MBS pool types

964 - Comprised exclusively of Homeowner Mortgages, any Penalty Interest Payments (PIP) from early prepayment are passed through to the investor

967 - Comprised exclusively of Homeowner Mortgages, all Penalty Interest Payments (PIP) from early prepayment are retained by the issuer

970 - Comprised exclusively of Homeowner Mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core prepayments provisions

975 - Comprised exclusively of Homeowner Mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core prepayments provisions (5-year term)

966 - Comprised exclusively multi-family rental mortgages, pools mortgages are closed to prepayment options

990 - Comprised exclusively Social Housing Mortgages, pools and mortgages are closed to prepayment options

965 - Mixed Pools, these pools can be comprised of any of the above types of mortgages

NHA MORTGAGE-BACKED SECURITIES

APRIL TO JUNE 2001 ISSUES

POOL NO.	ISSUER	VALUE (\$)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
Month of Issue: June 2001						
NHA-Insured Market Residential Pools (Single Units)						
96-413-687	Alberta Motor Assoc.Insur.Comp	20,503,675.58	5.800	2006-06-01	7.05	23.02
96-413-703	Alberta Motor Assoc.Insur.Comp	10,294,321.66	5.600	2006-06-01	7.11	22.86
NHA-Insured Market Residential Pools (Mixed)						
96-501-564	Equitable Trust Company (The)	14,902,893.22	5.600	2006-06-01	6.40	19.83
96-501-572	Equitable Trust Company (The)	9,450,203.51	5.200	2006-06-01	5.96	18.75
NHA-Insured Market Residential Pools (Multiple Units)						
96-601-638	Peoples Trust Company	18,246,008.64	5.950	2011-06-01	6.86	29.38
NHA-Insured Market Residential Pools (Non PIP)						
96-702-709	Bank of Montreal	10,844,168.29	6.625	2019-06-01	7.37	20.43
NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)						
97-002-612	National Bank of Canada	75,131,469.92	5.750	2006-03-01	7.08	21.18
97-002-620	National Bank of Canada	53,821,794.40	5.500	2006-04-01	6.68	21.06
97-002-638	National Bank of Canada	28,407,070.02	5.750	2006-03-01	7.09	11.01
97-002-646	National Bank of Canada	18,255,240.17	5.500	2006-04-01	6.71	11.03
97-002-661	Bank of Montreal	114,963,198.03	5.450	2006-06-01	6.61	21.76
97-002-679	Royal Bank of Canada	574,973,320.39	5.750	2006-05-01	6.80	21.13
97-002-687	M.R.S. Trust Company	5,991,715.55	5.600	2006-06-01	6.40	22.90
97-002-695	Cnd.Imperial Bank of Commerce	400,088,078.13	5.750	2006-06-01	7.27	22.43
97-002-703	Maple Trust Company	111,116,791.70	5.490	2006-06-01	6.38	22.06
97-002-711	Laurentian Bank of Canada	55,026,580.44	5.500	2006-06-01	6.97	21.82
97-002-729	Bank of Nova Scotia	300,002,848.28	5.500	2006-06-01	6.89	21.90
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
97-500-060	Toronto-Dominion Bank	97,553,181.83	5.250	2006-06-01	6.91	11.80
97-500-078	Toronto-Dominion Bank	237,245,721.58	5.250	2006-06-01	6.39	21.75
97-500-086	Toronto-Dominion Bank	159,477,274.81	5.250	2006-06-01	7.33	21.80
97-500-094	Maple Trust Company	115,369,820.47	5.490	2006-06-01	6.63	22.14
Social Housing Pools						
99-008-393	Bank of Nova Scotia	30,115,563.84	5.200	2006-06-01	5.80	33.04

*PIP stands for Penalty Interest Payments
Source: CMHC

CMHC - MAC 2001

NOTE

If there is a specific trend or development you would like to see analyzed in a future issue please let us know. Suggestions and requests for additional information may be sent to Ali Manouchehri, Senior Economist, Capital Markets, Market Analysis Centre, Canada Mortgage and Housing Corporation (CMHC), 700 Montreal Road, Ottawa, Ontario, K1A 0P7, Tel.: (613) 748-2506, Internet: amanouch@cmhc-schl.gc.ca

For information regarding MBS please call Colin Mills, General Manager, MBS Centre, CMHC, Toronto, Tel.: (416) 218-3305.

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