

Canada's Financial Pulse: Interest Rates, Budget Changes, and Market Shifts

Canadian Finance · Answer Key · 8 Questions

1. As of April 29, 2026, what was the Bank of Canada's policy interest rate, and what was its outlook regarding potential future movements?

- A) Held at 2.25%, with a possibility of a rate hike due to energy-related inflation.**
- B) Cut to 2.00%, citing concerns about economic slowdown.
- C) Increased to 2.50%, to combat rising inflation.
- D) Held at 2.25%, with a possibility of a rate cut in the near future.

2. What significant change to the capital gains inclusion rate was proposed in the Canadian Federal Budget of April 16, 2024, affecting individuals and corporations?

- A) The inclusion rate was proposed to decrease from 50% to 33.33% for individuals and corporations.
- B) The inclusion rate was proposed to increase from 50% to 66.67% for corporations and trusts, and for individuals on capital gains over \$250,000.**
- C) The inclusion rate was proposed to remain at 50% for all capital gains.
- D) The inclusion rate was proposed to increase from 50% to 75% for corporations and 50% to 50% for individuals.

3. According to recent data updated in June 2026, what was Canada's trade balance in March 2026?

- A) A deficit of \$3.7 billion.
- B) A surplus of \$1.3 billion.**
- C) A deficit of \$5.1 billion.
- D) A surplus of \$1.8 billion.

4. What significant tax incentive for entrepreneurs was introduced in the Canadian Federal Budget of April 16, 2024?

- A) The Canadian Entrepreneurs' Incentive, offering a reduced capital gains inclusion rate on up to \$2 million in lifetime gains.**
- B) An enhanced Lifetime Capital Gains Exemption (LCGE) to \$2 million.
- C) A new small business tax credit for technological innovation.
- D) An immediate expensing of all capital investments for new businesses.

5. As of June 4, 2026, what was the approximate point level of Canada's main stock market index, the TSX, and how did it perform over the past year?

- A) Around 30,000 points, with a 20% increase over the past year.
- B) Around 35,101 points, with a 33.25% increase over the past year.**
- C) Around 32,500 points, with a 15% increase over the past year.
- D) Around 34,000 points, with a 25% increase over the past year.

6. What is the Bank of Canada's primary target for inflation, and what is its control range?

- A) Target of 3%, with a control range of 2% to 4%.
- B) Target of 1.5%, with a control range of 1% to 2%.
- C) Target of 2%, with a control range of 1% to 3%.**
- D) Target of 2.5%, with a control range of 1.5% to 3.5%.

7. Which of the following was a notable regulatory development mentioned for the Canadian financial sector in 2025, aiming to enhance competition?

- A) Implementation of stricter capital adequacy requirements for all financial institutions.
- B) The introduction of the Consumer-Driven Banking Act to facilitate open banking and secure data sharing.**
- C) Increased restrictions on digital payment service providers.
- D) A complete overhaul of anti-money laundering (AML) regulations with no specific focus on competition.

8. In the second quarter earnings reports released around May 2026, how did Canada's major banks generally perform regarding profit and dividend payouts?

- A) Most banks reported decreased profits and maintained their dividends.
- B) Most banks reported increased profits, with five of the Big Six hiking their quarterly dividends.**
- C) Profits were mixed, with no significant changes in dividend payouts across the board.
- D) Banks reported stable profits but reduced dividend payouts to bolster capital reserves.