



Market Activity

Best Rates For November

Our pick of the best interest rates this month.

60%	2 year Fixed	0.99%
60%	5 year Fixed	1.29%
60%	7 year Fixed	1.49%
75%	2 year Tracker	0.99%
85%	2 year Tracker	1.34%
85%	2 year Fixed	1.39%
85%	5 year Fixed	1.73%
90%	2 year Tracker	1.94%
90%	2 year Fixed	1.89%
90%	5 year Fixed	2.04%
95%	2 year Fixed	3.79%
95%	5 year Fixed	3.89%
100%	5 year fixed	4.24%
60%	BTL 2 year Fixed	1.54%
60%	BTL 5 year Fixed	2.08%

Rates correct as at 05/11/2021 BTL = Buy to let mortgage

LENDERS PUT UP MORTGAGE RATES AHEAD OF ANTICIPATED INTEREST INCREASE

At the end of October, four of Britain's largest mortgage providers raised their UK mortgage rates in the wake of the Chancellor's Budget, and in anticipation of the rumoured rise to Base Rate.

At its meeting on 4th November however, the Bank of England decided that for the time being, Base Rate would be held at the current 0.10%. This decision came as a big surprise and resulted in a storm of criticism from many market commentators, who were already committed to an increase, although borrowers can breathe a sigh of relief, even if it is only temporary.

WHAT MIGHT HAVE HAPPENED

Markets had been expecting the Bank of England to increase Base Rate from 0.10% to 0.25% in a bid to rein in galloping inflation, and had already factored in this rate rise, along with further increases to 0.50% by next February, 0.75% by March, then reaching 1% by June.

The impact on mortgages would have been immediate for tracker rates, whilst new fixed options could easily have seen increases greater than this.

MONTHLY REVIEW

The threat of a rate increase isn't going to go away, and there is every chance that the Bank of England will review rates in the next few months, as inflation continues to rise.

ACT NOW

What can borrowers do to keep future mortgage costs down to an affordable minimum?

Those borrowers who prudently chose a fixed rate of interest when they took out their mortgage, can rest easy for the time being, although they might expect to see their monthly repayments increase when their mortgage rate is reviewed at the end of their current fixed period.

For those on a tracker rate, it may be possible for most borrowers to move, without penalty, into a fixed rate product with their existing lender - no legal fees will be incurred, although it will usually be necessary to pay a

booking fee which will normally be a maximum at £999 - but don't delay, as lenders are likely to be reviewing their fixed rates now.

Fixed rate borrowers have less opportunity of flexibility, although if their existing fixed product is coming up for review within the next three months, it might just be possible to prebook a new fixed rate now.

For people who are currently applying for a mortgage, then a sensible option is to consider a five-year fixed rate which could reap dividends over the next sixty payments.

INCREASED COST OF BORROWING

Since mortgage interest rates fell to the current record levels, the cost of servicing a mortgage has been less of a challenge in recent years than when rates were well into double figures. The minor changes in Base Rate that are currently under discussion will have a modest impact on a family budget, although the increases are not likely to stop at 1%, as the trend is forecast to continue post Covid and post Brexit.

HERE TO HELP *As always, if you want to review your current mortgage rate, or understand your borrowing options for a new mortgage, our team at The Mortgage Shop are here to help. Please call 789830, or email us on info@mortgageshop.je*



the mortgage shop

Tel: **789830**