The Best Rates...

Pick of the Bunch
(% loan to property value/price)

60%	Tracker	1.49%
60%	2 year fixed	1.50%
60%	5 year fixed	1.81%
60%	10 year fixed	2.74%
85%	Tracker	1.74%
85%	3 year fixed	1.99%
85%	5 year fixed	2.09%
90%	Tracker	2.19%
90%	2 year fixed	1.94%
90%	5 year fixed	2.29%
95%	2 year fixed	2.99%
95%	5 year fixed	3.49%
100%	5 year fixed	3.99%
60%	BTL 2 year fixed	1.69%
60%	BTL 5 year fixed	2.30%

*Rates correct at time of printing | BTL = Buy to let mortgage.

At its September meeting, the Monetary Policy Committee of the Bank of England signalled that prolonged Brexit uncertainty will keep interest rates lower for longer...

...and that the UK would avoid falling into recession this year, but that Brexit and trade worries were weighing on the economy. Recession isn't a word that we have heard for a few years now, although many say that we usually have one every ten years, so the next could be about due!

RECESSION? Sadly, the events of summer 2008 where house prices were rising out of control are not dissimilar to what we have again witnessed during the past twelve months in the local property market. So, perhaps another recession could do some good after all.

At the start of the previous recession, Base Rate stood at 5.50% (December 2007) and then fell during the course of 15 months to 0.50% (March 2009).

Now pegged at only 0.75%, there will not be the same flexibility this time around, as rates are close to rock bottom already. Although, the Bank has warned that Base Rate could move in either direction following Brexit.

EXIT FROM THE EU - THE AFTERMATH In the event of Britain exiting the EU in an orderly fashion, should such a thing be possible following the extraordinary events at the end of September, we are all likely, whether living offshore in the Channel Islands or onshore in the UK, to experience challenging times. With rising prices of food and services and the possibility of falling house prices, the country will try to re-establish itself as the economy begins to gather pace again, and new trade agreements with the United States and other countries start to kick in.

RECESSION? In a recently published report, the Fiscal Policy Panel, which comprises a team of independent economists, has suggested that Jersey House prices could fall by 5% in 2020 and then show slow growth from 2020 to 2021. This is an interesting observation, although does it take into account the ever-prevailing law of demand over supply?

COST OF LIVING The Bank of England, uses the Cost of Living as an important guide to monitor Base Rate – once this starts to rise, then interest rates will rise as well. Although, the Bank and their new Governor, due to be appointed before year end, will have a difficult task ahead of them, making sure that Base Rate doesn't rise too quickly, as this will surely have a detrimental effect on the country's frail economy.

Best advice if taking on a mortgage? Consider a tracker rate for two years if you can afford to pay more in the event of a rate increase. Or a five-year fixed option, or possibly longer, if the rate is below 2%, if you are looking for total stability.

Why not consult The Mortgage Shop – we've been helping clients for nearly 30 years and have a pretty good handle on what the market has to offer.

the mortgage shop

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