



WORLDWIDE
FINANCIAL PLANNING

Your Guide To Mortgage Interest Rates Summary



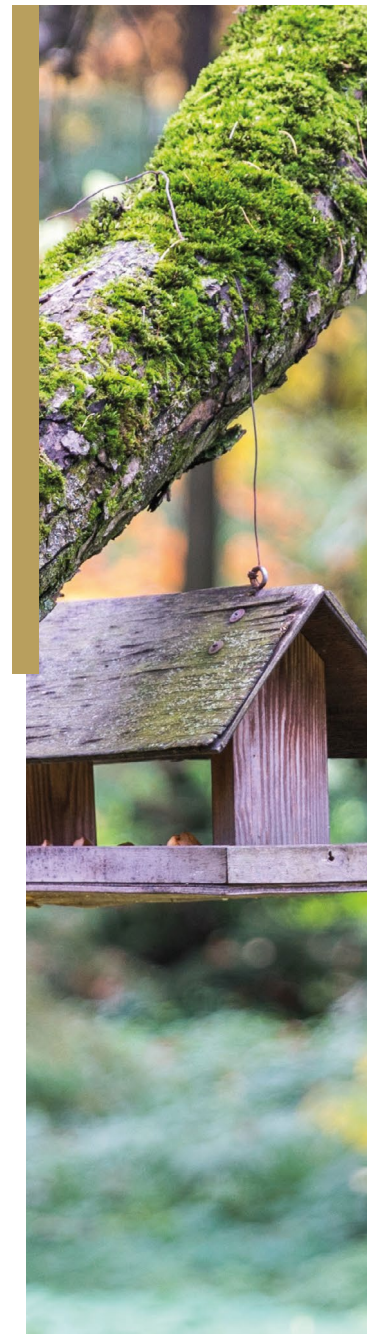
After a sleepy decade, higher interest rates mean it's all change for mortgages. If you are thinking of purchasing a new home it's best to prepare well in advance. Our team has prepared this guidance to take all the stress out of your decision making and to help you make the most informed decision regarding your mortgage rate. This summary gives you an insight as to what you can expect in [Your Essential Guide To Mortgage Interest Rates](#) which is also attached.

Here are the top highlights:

- High inflation means the era of ultra-low interest rates is over. The Bank of England was initially slow to respond. Bank base rates have moved up around six times more than in the previous decade, so many mortgage rates have followed suit.
- Unsurprisingly, worries about where Bank base rates are heading have caused some people to rush into taking the first mortgage deal they are offered, for fear of higher costs if they delay.
- Although short-term variable mortgage rates have followed Bank base rates higher, longer-term fixed-rate mortgage deals have been coming down.
- That's because the Bank of England can only control short-term rates. Whereas long-term interest rates are set by financial markets and they can have a very different view about the longer-term outlook.

How much higher might Bank base rates go?

- The answer to this question changed every month with the expected peak in interest rates having been pushed higher and higher for much of 2023. We know the Bank of England pays close attention to the size of pay awards. These were running at over three times the Bank's 2% inflation target.
- The Bank of England started raising rates in December 2021 and increased them to 5.25% by August 2023. The Bank then held rates steady at 5.25%. By November financial markets had decided this was the peak and pencilled in the first rate cut for August/September 2024. The drop was reflected in slightly lower mortgage rates.
- The first rate cut (from 5.25% to 5.0%) duly came in August 2024. Financial markets have now turned their attention to estimating the path of interest rate cuts, i.e. by how much might they fall and over what time frame. In early September, markets did not expect another quarter point cut until February 2025 with just one more by June 2025. This is not a fixed prediction but a 'best guess'. Financial markets always look ahead. And they change their minds as circumstances alter. Things might look very different after the new Labour Government's first Budget at the end of October.





- Even if you are several months away from buying a home, now is the time to talk to us about your options and what suits your own personal situation. We can tell you about the changing outlook for variable and fixed mortgage rates, the most suitable deals and the current state of play. That way you won't be panicked into locking in an expensive deal right now or forced into a potentially unattractive one at the last moment.

We hope you will find this report helpful in answering the big question:
If interest rates have really reached their peak (but may rise), should I fix my mortgage and, if so, for how long?

Also attached is Your Mortgage Report Review. Please have a read. If you have any queries you can email Pat on pgreene@wwfp.net and he'll be happy to help you.



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