

23 November 2009

Average two year fixed rate falls to lowest since June

The average two year fixed has fallen to 4.99%, the first time it has been below 5.00% since 23 June 2009.

A string of rate rises during July saw the average quickly rise, peaking at 5.21% by the end of the month.

However, the reduction in rates, taking nearly four months has not been so rapid.

For borrowers looking to fix their repayments for a longer period there is not such good news. The average three year fixed rate mortgage has increased over the last few months standing at 5.58% today.

While the margin on the average five year fixed rate mortgage has increased to the widest on record.

Michelle Slade, spokesperson for Moneyfacts.co.uk

“Borrowers are finally starting to see more positive news coming out of the mortgage market.

“Falling rates on popular two year fixed rate mortgages, occurring against a backdrop of lenders raising the maximum LTV on their most competitive deals suggests that competition is increasing.

“Lenders have become accustomed to the post banking collapse world and appear to finally be relaxing their credit criteria while remaining within a regulated frame work.

“Swap rates have been falling over the last few weeks, but mortgage rates on medium term deals are yet to follow suit.

“Borrowers will be hoping the easing of credit criteria continues and that lenders will start to reduce the large margin for risk they have been taking over the last year.

“While it may still be too early to say the worst is over, the signs are all there.”

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Our dedicated research experts produce three monthly publications as well as providing real time news and data services to the majority of banks and building societies. Additional information can be found at www.moneyfactsgroup.co.uk.

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Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

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