

MoneyMarketing

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MPC holds base rate at 0.5 per cent

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The Bank of England's Monetary Policy Committee has voted to hold the base rate at 0.5 per cent for the seventh successive month.

It has also left the quantitative easing programme unchanged at £175bn.

John Charcol senior technical manager Ray Boulger says: "Today's no change decision may be a bit of a non event but there is at last some action back in the mortgage market.

"September saw the usual seasonal upturn and over the last few days we have at last started to see some real competition from lenders, albeit primarily for lower LTV business.

"Woolwich, Northern Rock, Abbey, Alliance & Leicester, Principality and Coventry have all announced cheaper deals this week which is good news for borrowers."

User Comments: Neil Young - Young Group

Base rate held but property investors prepare for a rise

Today's announcement comes as no surprise. Base rate is unlikely to change until the Bank of England's Quantitative Easing policy has ceased and, as expected, the Monetary Policy Committee has delayed making any decision regarding changes to its Quantitative Easing programme until after next month's quarterly inflation report.

However, we're seeing that residential property investors are mindful that rates will not remain at the current historic low forever. Results from Young Group's latest Young Index investor sentiment survey show that residential property investors expect the base rate to rise over the coming year to stand at just over 1% by Q3 2010.

Our Young Index results show that investors expect to see an upward movement in base rate from the current historic low of 0.5%, but that the uplift will be gradual, as you would perhaps expect when emerging from an economic downturn.