

Mortgage rates fluctuate during first quarter of 2014

UK, April 14, 2014: Mortgage rates have seen mixed movement during the first three months of 2014, according to figures released today from Mortgage Brain's quarterly product data analysis.

The lowest rate two year Tracker with a 90% LTV has performed the best since the start of the year, witnessing a 31% rate drop from 3.59% in January to 2.49% as of 1st April 2014. The interest rate for the same product with a 60% LTV ratio also dropped during the past three months – down 12% from 1.69% to 1.49%.

By contrast, however, the lowest interest rate for a five year Tracker with a 60% LTV has increased by 50% since January 2014 (up from 1.99% to 2.99%), and the lowest rate 90% Tracker increased (by 3%) from 3.54% to 3.65%.

Fixed rate products also fluctuated during the first quarter of 2014. A six per cent rate drop was seen for the lowest rate five year Fixed with a 60% LTV, whereas the rate for its 90% counterpart remained static at 4.29% over the three months from January 2014.

This trend was reversed for Fixed rate products with a two year term, though, with the lowest rate 60% LTV product holding a rate of 1.48% since January 2014, and the lowest rate 90% dropping (1%) from 3.49% to 3.45%.

Despite the fluctuation in interest rates, the rate difference between LTV bands continues with the lowest 90% two year Fixed (at 3.45%) still more than twice as high – or 133% higher – than the lowest rate product with a 60% LTV (1.48%).

Similarly, the difference between the lowest rate 60% and 90% LTV two year Tracker is almost as great – 67% higher – with the lowest rates currently standing at 1.49% (60% LTV) and 2.49% for a 90% LTV product.

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Mark Lofthouse, CEO of Mortgage Brain, comments, “While interest rates have fluctuated over the past three months – bringing a mix of good news and bad news for borrowers – the longer term analysis is still very favourable with the majority of products benefiting from significant rate drops over the past 12 months.

“The lowest rate two year Tracker with a 90% LTV, for example, is now 33% lower than this time last year, which equates to an annual reduction of just over £1,800 on a £150k mortgage. Comparably, the lowest rate three year Tracker with a 90% LTV has dropped 25% since April 2013 equating to a potential annual reduction of £1,500.”

Mortgage Brain’s latest analysis also shows mixed movement over the past three months for interest rates in the buy-to-let market. The lowest two year Fixed products with 60%, 70% and 80% LTV ratios saw no movement at all since January 2014 with rates holding steady at 2.49%, 2.99% and 4.14% respectively.

Two year Trackers performed a little better with the lowest rate 80% LTV product down 8% from 4.29% to 3.95%. The lowest rate 70% LTV Tracker dropped 2% from 2.89% to 2.84% and the lowest rate 60% LTV showing no movement over the past three months at 1.99%.

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Table 1: Lowest Rate repayment products (2 & 5 year Fixed and Tracker).

Mortgage Product Data – Supplied by Mortgage Brain											
(Lowest Rate repayment products for a £180,000 property – Purchase)											
Product	1/7/13	1/10/13	1/1/14	1/4/14	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60%	1.64%	1.48%	1.48%	1.48%	0.00%	0.00%	0.00%	0.00%	-0.26%	-14.94%	n/a
2 Year Fixed 90%	2.99%	3.54%	3.49%	3.45%	-0.04%	-1.15%	-0.09%	-2.54%	-0.24%	-6.50%	133.11%
2 Year Tracker 60%	1.75%	1.69%	1.69%	1.49%	-0.20%	-11.83%	-0.20%	-11.83%	-0.26%	-14.86%	n/a
2 Year Tracker 90%	3.59%	3.59%	3.59%	2.49%	-1.10%	-30.64%	-1.10%	-30.64%	-1.25%	-33.42%	67.11%
5 Year Fixed 60%	2.44%	2.49%	2.49%	2.35%	-0.14%	-5.62%	-0.14%	-5.62%	-0.29%	-10.98%	n/a
5 Year Fixed 90%	4.19%	4.39%	4.29%	4.29%	0.00%	0.00%	-0.10%	-2.28%	0.29%	2.14%	82.55%
5 Year Tracker 60%	2.29%	2.14%	1.99%	2.99%	1.00%	50.25%	0.85%	39.72%	0.70%	30.57%	n/a
5 Year Tracker 90%	3.64%	3.65%	3.54%	3.65%	0.11%	3.11%	0.00%	0.00%	0.01%	0.27%	22.07%

Table 2: Monthly cost (£) per £1,000 borrowed (2 & 5 year Fixed and Tracker).

Mortgage Product Data – Supplied by Mortgage Brain											
(Monthly cost (£) per £1,000 borrowed – repayment for a £180,000 property)											
Product	1/7/13	1/10/13	1/1/14	1/4/14	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60%	£4.40	£4.28	£4.28	£4.32	£0.04	0.93%	£0.04	0.93%	-£0.08	-1.82%	n/a
2 Year Fixed 90%	£5.30	£5.34	£5.21	£5.10	-£0.11	-2.11%	-£0.24	-4.49%	-£0.19	-3.59%	18.06%
2 Year Tracker 60%	£4.60	£4.46	£4.46	£4.25	-£0.21	-4.71%	-£0.21	-4.71%	-£0.30	-6.59%	n/a
2 Year Tracker 90%	£5.25	£5.25	£5.25	£4.85	-£0.40	-7.62%	-£0.40	-7.63%	-£0.65	-11.82%	14.12%
5 Year Fixed 60%	£4.63	£4.71	£4.68	£4.79	£0.11	2.35%	£0.08	1.70%	£0.16	3.46%	n/a
5 Year Fixed 90%	£5.54	£5.53	£5.55	£5.56	£0.01	0.18%	£0.03	0.54%	£0.16	2.96%	16.08%
5 Year Tracker 60%	£4.46	£4.46	£4.41	£5.17	£0.76	17.23%	£0.71	15.92%	£0.66	14.63%	n/a
5 Year Tracker 90%	£5.30	£5.30	£5.30	£5.30	£0.00	0.00%	£0.00	0.00%	-£0.24	-4.33%	2.51%

NOTES TO EDITORS

About Mortgage Brain Limited

- Mortgage Brain Limited is the most widely used and preferred provider of point-of-sale, compliance, mortgage sourcing and electronic trading products and services for mortgage intermediaries.
- Mortgage Brain Holdings Limited, formed in 1986, is jointly owned by Barclays Woolwich, The Lloyds Banking Group, Nationwide, Royal Bank of Scotland, Santander and Virgin Money.
- The consortium of six owners, together with their subsidiaries, collectively account for in excess of 70% of the new business mortgage market within the UK.
- Mortgage Brain Holdings Limited currently has over 20,000 users of its products and services.
- Mortgage Brain is a Microsoft Gold Certified Partner and has won a number of industry awards including the 2010, 2011 and 2012 Mortgage Strategy ‘Best Technology Provider’ Award, the Pink Service Award for ‘Best Technology Provider’, and ‘Technology Advocate of the Year’ at the 2010, 2011, 2012 and 2013 British Mortgage Awards.

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