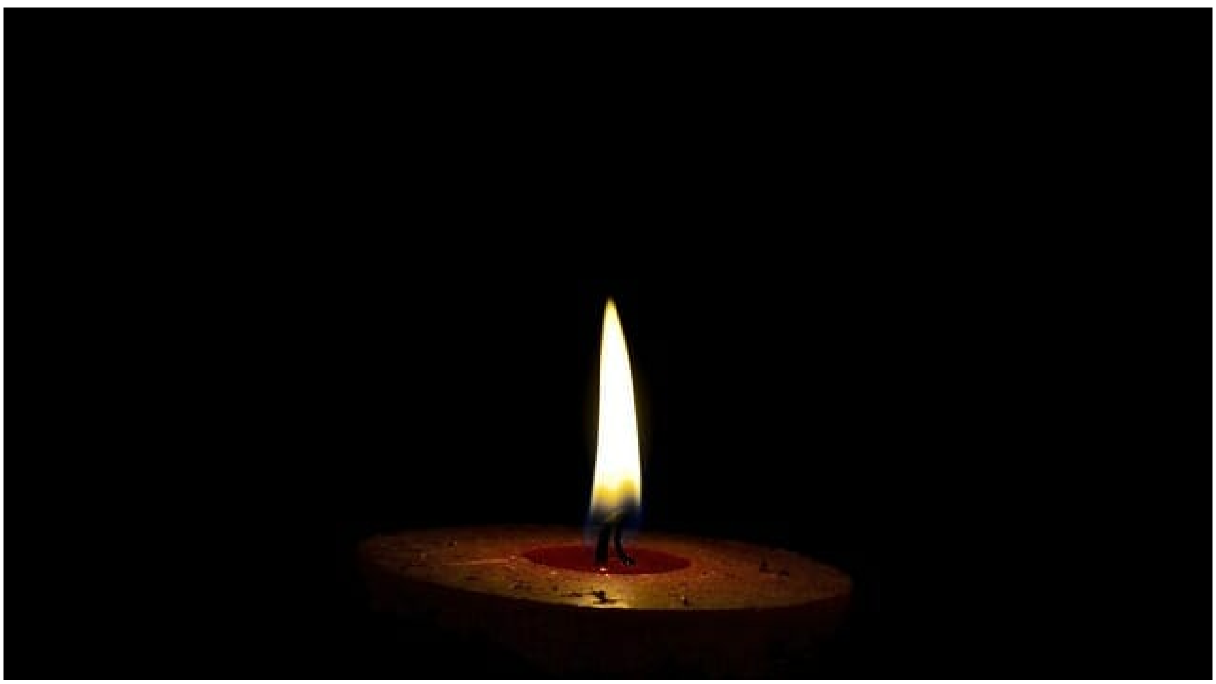
Is there a glimmer of light in the mortgage market? Brokers not so sure

by Sue Whitbread(https://ifamagazine.com/author/sue-whitbread/) | Jun 14, 2023



With average mortgage rates not rising as sharply and the number of residential products rising above 5,000 again today, UK newswire Newspage, asked brokers if there is a glimmer of light in the mortgage market which is experiencing such turbulence again this week. Their views can be found below:

Darryl Dhoffer, Mortgage Expert at The Mortgage Expert, said: "Watching mortgage rates during the past three weeks has been like watching a bucket of ice in the baking sun. The mortgage market is evolving and changing all the time, and currently at a rapid rate. SWAP rates have seen higher climbs over the past 3-4 weeks than what was anticipated, so can see average fixed rates changing again in the coming days and weeks. Buckle up."

Charles Ayton, Commercial Director at LargeMortgageLoans.com is also bracing himself for a huge week ahead as he comments: "Core inflation has to drop before swap rates do. Until this happens, the base rate and mortgage rates will stay higher for longer. Next week on the 21st we will know more. It is shaping up to be a huge week for the mortgage market."

Katie Eatenton, Mortgage and Protection Specialist at Lifetime Wealth Management, is in pessimistic mood as she comments: "With Coventry and HSBC both announcing rate increases today, unfortunately it's wishful thinking that rates will be coming down any time soon."

S**cott Taylor-Barr, Financial Adviser at Barnsdale Financial Management**, is keeping everything crossed as he comments: "The driver for most financial markets is confidence. When things go as planned, when everyone sticks to the script and there are no surprises then we see a benign environment with rates moving based on lenders' appetite to lend more or less at any given point. When there are shocks, such as surprise inflation data, banking collapses, or an unexpected mini-Budget then we see massive (over)reactions from financial markets, both up or down. Now that everyone has gotten over the latest unexpected news we are seeing rates settle again and if there are no more lightning bolts to strike, we could even see some rates drop a little. Fingers crossed."

Gary Bush, Financial Adviser at MortgageShop.com points to next week, and the economic data which will be forthcoming as he comments: "Mortgage lenders have priced in early for an increase in the Bank of England base rate on 22nd June so hopefully, with fingers crossed, we should see some calm for at least the next week. With the inflation figure also coming out on 21st June, next week is going to be a massive week for UK mortgage finance and we are hoping and praying for a further sizeable drop in the inflation rate, which could lead to the Bank of England pausing at this next Monetary Policy Meeting."

According to **Jamie Lennox, Director at Dimora Mortgages**, more pain is set to come, as he comments: "More lenders have announced today they will be increasing rates further, some of which have already increased rates earlier this week. This is not the news the hundreds of thousands of homeowners will want to hear and will send shivers down their spine with how bleak the mortgage market is currently looking with no end in sight. Mortgage customers will also face a race to secure a deal in time with products being withdrawn with little to no notice. More needs to be done by lenders to give reasonable notice to allow consumers to assess their options. Their mortgage is likely the biggest financial decision they are likely to make in which many will be having to make decisions under duress without adequate time to consider. Lenders need to get behind the #24hourpledge.(https://ifamagazine.com/article/the-broker-collective-described-as-an-untrade-body-is-launched-to-support-mortgage-brokers-and-their-clients/)"

Justin Moy, MD at EHF Mortgages, said:"With a number of further rate increases announced this morning, I suspect this is not anything to get too excited about. However, I would argue the these average fixed rates quoted include the adverse and specialist deals, that won't be in scope for the majority of borrowers. we still have sub-5% fixed deals for both short and long term rates, a reasonable average of prime mortgage rates would be in the early 5%s."

Michelle Lawson, Director at Mortgage and Protection Adviser is warning against jumping to conclusions as she comments: "This is a really tough thing to try and call right now as this doesn't show an accurate pattern. Already this morning we have had notification of HSBC and Foundation Home Loans pulling rates and HSBC have advised they are increasing rates. I think it is important that we don't jump to any conclusions, especially with the impending Bank of England decision on the 22nd June."

Luke Thomson, Director at PAB Wealth Management, believes that the current situation, although not as severe as last September/October, is very similar, as he comments: "Lenders are unsure of where interest rates are going to end up following some of the economic data we have received of late. With this in mind they have had to protect themselves and have therefore steadily increased the interest rates that they have been charging customers. As we start to get a bigger picture of where interest rates will be going in the next few months I expect the market to again begin to settle down and eventually as lenders need to they will start to compete for business again and rates will start to plateau and potentially reduce in some areas."

Ross McMillan, Owner/Mortgage Adviser at Blue Fish Mortgage Solutions, isn't exactly counting any chickens as he explains: "A chink of light in otherwise choppy and dark waters may all too quickly be grasped as a sign of hope, however, it seems unlikely that the turbulent times of recent weeks are beginning to calm significantly just yet. It's important to remember, however, we have been here before post-mini-Budget and so far this recent bout of jitters from lenders has followed almost exactly the same pattern as we experienced then. And whilst the numbers may be a little different, if this continues then after a period of 4-6 weeks of rapid rate pulls and increases (of which we are around two thirds through), the market settles and gradually competition between lenders leads to a slow reduction in rates and a return to a degree of normality. This is certainly my hope for clients and exasperated advisors alike, however, forthcoming economic data next week may be critical in either dashing or fuelling optimism."