

Broadbase International Ltd Newsletter – August 2010

In our newsletter this month we take a quick look at the latest economic indicators in New Zealand, and ask an expert about New Zealand mortgages.

New Zealand Mortgage Update

There has been plenty of speculation around mortgage interest rates in New Zealand recently, with a rise in the OCR firing speculation about how high interest rates may go. We asked one of our favourite mortgage brokers, Sarah Taylor, what she would recommend to anyone thinking about applying for or renewing a mortgage in New Zealand at the moment:

“Obtaining lending from the big banks is still rather like prying an item from the cold dead hand of a murder victim, but some loosening is beginning albeit on selective elements of criteria. Borrowing money isn't impossible but a lot more work goes into finding the best funding package.

There has been an increase in the Official Cash Rate over the last two periods and this has seen some movement with interest rates but small changes and slow so far. What has been notable is that the short term rates like floating and 6 month rates have increased and the mid term rates, 18 month/2 year and some 3 year, have come down so indications suggest that the rates are moving back towards the days of fixed rates being a cheaper and safer option.

The floating rate is still the cheapest but you run a risk of this increasing without warning, so could be more costly in the long run.

Mid term fix is slightly more expensive but gives you assurance that you are sheltered from rate rises for the term you fix. You also have certainty of knowing what your payments will be for that period making budgeting easier.

Long-term rates, 4 and 5 years, are still pretty expensive and it's still hard to justify the extra cost given that the economic recovery is still very slow.

There is no blindingly obvious path but more a couple of choices which depend really on whether you are prepared to pay a little extra for the safety, or hold a shorter cheaper rate and take the risk.”

A good mortgage adviser like Sarah can help you to get the best possible mortgage for your needs – and you can save yourself a lot of time and hassle. Sarah Taylor is a lending specialist and is available to advise on specific situations. She can be contacted on (03) 313 0274, or via email on sarah@taylormadefinancialgroup.com.

For more information on New Zealand houses, buying a home in New Zealand and NZ mortgages, check the [housing section](#) on our website.

Economic Indicators

The unemployment rate in New Zealand increased from 6.0% to 6.8% in the June 2010 quarter. The UK unemployment rate is currently 7.8%.

The average house sales price in New Zealand was \$407,191, up 4.1% over the year to July 2010. Mortgage interest rates for a floating mortgage are around 6.25%.

New Zealand inflation rates remain steady at just under 2%. UK inflation rates are around 3.1%.

The NZ OCR (Official Cash Rate) has risen from 2.75% to 3% - this increase was widely expected, and the OCR is expected to continue increasing – possibly in fits and starts rather than steadily. The UK's base rate is 0.5%.

Important Dates

New Zealand Fathers Day, Sunday 5th September.

New Zealand Daylight Saving begins on Sunday 26 September, when clocks go forward one hour.

Until Next Month...

Wishing you well until we are next in touch. Please feel free to contact us anytime if you have any questions about the financial side of life in New Zealand.

Broadbase International Ltd | +64 3 961 3709 | Level 2, 217 Gloucester Street, Christchurch, New Zealand

NZ Retirement Planning | UK Pension Transfers | Currency Exchange | NZ & UK Tax | Mortgages |
Investments | Insurance

www.broadbaseinternational.com | www.broadbaseimmigration.co.uk

info@broadbaseinternational.com

Information in this newsletter is of a general nature and is not intended as a substitute for professional advice based on your individual circumstances. Disclosure Statements are available on request and free of charge.

If you wish to unsubscribe to our newsletter, please reply to this email with "unsubscribe" in the subject line. If you have been forwarded this newsletter by a friend and wish to subscribe, please email info@broadbaseinternational.com with "newsletter subscription" in the subject line. We will not pass your contact details on to any other organisation without your express permission.

© 2010 Broadbase International Ltd.