



Fixed rate changes all over the place

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Lenders continued to cut fixed mortgage rates this week, with ANZ, HSBC, CUA and Aussie all announcing cuts during the past couple of days. Comparison site Infochoice reports that 32 lenders have taken advantage of sharp reductions in swap rates to adjust their fixed rates this month.

However, the volatility in the financial markets over the past couple of weeks appears to have caused just as much uncertainty among the professionals as it has among the punters. The range of rate changes is extremely wide, with the popular three-year rate falling by as little as 10 basis points and as much as 79 points.

HSBC, which announced its changes on Monday, has made the deepest cuts to-date. Its two-year rate has come down 73 basis points, from 7.18 to 6.45 per cent; its three-year rate has come down 79 basis points, from 7.34 to 6.55; and its five-year rate has come down 84 basis points, from 7.79 to 6.95. It is offering 10 basis points below those rates for Premier customers.

The standard variable rate on HSBC's Premier package loan and Home Value loan is 6.99 per cent.

HSBC's head of mortgages, Alice Del Vecchio, said all lenders look at the movement in swap rates when they are pricing fixed rate loans, but different lenders have different margins and different views on how stable capital market movements are.

Del Vecchio said: "The market has been changing dramatically. Banks are going to form their own view. We are happy with the rates we have out there."

Some of the other big movers have been ANZ, Commonwealth Bank, Bankwest, Homeloans, MyRate.com.au and Aussie.

ANZ cuts its three-year rate by 60 basis points and Commonwealth by 40 points. ANZ cut its five-year rate by 50 basis points and Commonwealth by 60 points.

According to Infochoice, the average cut for two-year rates was 30 basis points, for three-year rates 31 basis points, for four-year rates 39 basis points, and for five-year rates 39 basis points as well.

The lender with the lowest three-year fixed rate is CUA. The group's general manager strategy and marketing, Andrew Hadley, said he expected a lot of borrowers to be re-assessing their loans in light of the market's volatility.

"We think people will consider locking in rates to get some security," Hadley said.

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