

No need to panic over Bank rate rise



Mark Coulter: rate rise is sign of confidence

A Scottish property boss believes the recent rate increase should be seen as a sign of increasing confidence in the global economy.

The comments come days after the Bank of England announced the first interest rates rise for over a decade, increasing the official base rate from 0.25 per cent to 0.5 per cent.

Mark Coulter, chief executive of Coulters Property, said: "There seems to be some panic, or at least disagreement, in the mainstream media over whether the Bank of England's Monetary Policy Committee should have taken this step.

"It was mainly implemented to stave off increasing inflation.

"However, the move that has simply reversed the cut made in the wake of the Brexit vote, should also be seen as a sign of an increasing confidence in the global economy."

Many households, he said, will see an increase in their mortgage repayments but the move will also give savers a small lift in their returns.

And, anyone buying an annuity for their pension should also see better deals.

Mr Coulter explained that anyone on a fixed rate mortgage will see no increase in their current repayments although any subsequent deals, once their current mortgage term runs out, may be at a higher rate.

And he said that someone with a £200,000 mortgage would have to pay around £400 more in repayments as a result of this rise.

The property chief added: "It is important to remember that a base rate of 0.5 per cent is still a long way from the five to six per cent we saw between 2000 and 2009.

"We shouldn't panic over what is a very small increase in the base rate. With record-low unemployment, rising inflation and improving global economic growth, the rate increase should be seen as a positive step taken at the right time."