



Interest Rates on Hold.

The Bank of England's Monetary Policy Committee (MPC) has voted to keep interest rates steady at 5.5%. In December, the MPC lowered rates by 0.25% from 5.75% with a unanimous vote after fears that high interest rates could severely curb consumer spending and cause a recession.

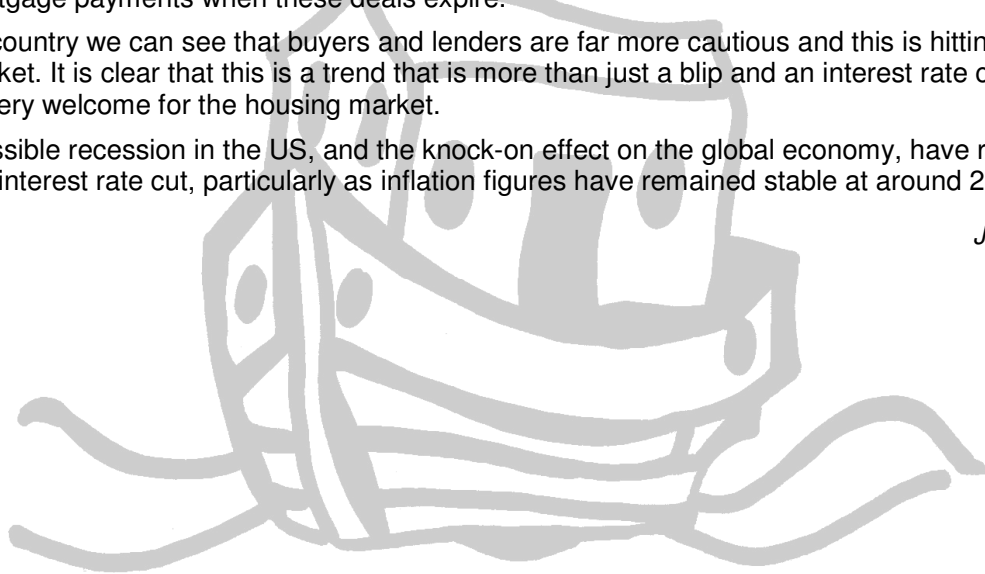
Many market commentators expect another rate cut in early 2008, with rates widely expected to fall to 5% by the end of the year. The news will come as a blow to homeowners that need to remortgage in the coming weeks.

Many borrowers are on fixed-rate mortgage deals negotiated two years ago and are facing much higher monthly mortgage payments when these deals expire.

Around the country we can see that buyers and lenders are far more cautious and this is hitting the housing market. It is clear that this is a trend that is more than just a blip and an interest rate cut would have been very welcome for the housing market.

Talk of a possible recession in the US, and the knock-on effect on the global economy, have raised hopes of an interest rate cut, particularly as inflation figures have remained stable at around 2.1%.

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