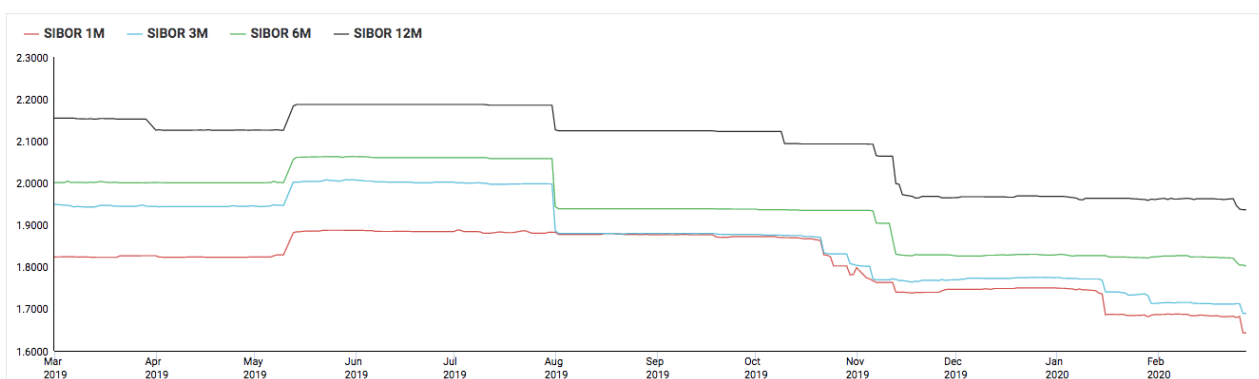


MARKET MOVEMENT

FED Rates Slashes Near Zero; Singapore Interbank Offered Rate (SIBOR) to start dipping?



Source: <https://www.abs.org.sg/benchmark-rates/rates-sibor#>

The latest news that in an attempt to contain the economic impact caused by the COVID-19 outbreak, the U.S. Federal Reserve cut interest rates for the second time in less than two weeks on Sunday (March 15), aiming for a target range of zero per cent to 0.25 per cent, down 1 percentage point from a range of 1 per cent to 1.25 per cent.

The above, coupled with the delayed effects of the 2019 rate cuts, have resulted in a significant, week-on-week dip in SIBOR. Currently, SIBOR has fallen to about 1.35% (from 1.46% last week), and experts expect it to continue downwards.

With this, mortgage rates in Singapore seem to actually be normalising. Floating rates are now lower than fixed rates, as they should be, making it quite an opportune time to take advantage of them.

How Would Lower Mortgage Interest Rates Affect You?

- PROSPECTIVE HOMEOWNERS: GOOD TIME TO BUY.

Lower interest rates encourage individuals to purchase a home. This is due to the lower borrowing costs associated with lower interest rates.

Therefore, prospective homeowners might view homeownership as relatively less expensive than they did previously.

“SINGAPORE'S NEW HOME SALES LAST MONTH SURGED MORE THAN 114 PER CENT FROM A YEAR AGO, DEFYING THE CORONAVIRUS OUTBREAK AND A LOOMING GLOBAL RECESSION.”

SOURCE: STRAITS TIMES 16 MAR 2020

- CURRENT HOMEOWNERS: CONSIDER FINANCING OR REPRICING.

When Mortgage Rates drop in Singapore, it may be worth refinancing your existing home loan in order to obtain a better interest rate.

Banks tend to offer competitive refinancing rates to win customers from other banks (and interest rates may soon decrease) you could find a wealth of strong refinancing offers.

Even a seemingly small difference in your interest rate can result in relatively significant savings over the course of your home loan.

For example, a homeowner with \$250,000 outstanding and 15 years remaining on their housing loan can save approximately \$700 annually by refinancing from an annual rate of 2.5 per cent to 2 per cent. Therefore, home loan refinancing is very common in Singapore.

"Mortgage rates based on the Singapore Interbank Offered Rate (Sibor), on which most home loans are priced, have come off 30-40 basis points (bps), since the first 50-bps rate cut by the Fed, and should come off further,"

Source: Straits Times 16 Mar 2020

- HOW TO PROCEED?

In general, it is unwise to react dramatically to interest rate changes. However, it is prudent to understand how your finances may be impacted.

Furthermore, in some instances, you may even be able to capitalise from these changes.

Should you like to know more on How You Can Save On Your Mortgage Loans, How We Can Leverage On The Low Cost Of Borrowing, and How We Can Assist You To Create More Wealth, DM us, Give us a call, we will be able to give you unbiased & non-obligatory advice about the current market as well as the lowest rates in town!



Joanne Ang | 8811 8778

*ERA Multiple Awards Achiever
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Sources:

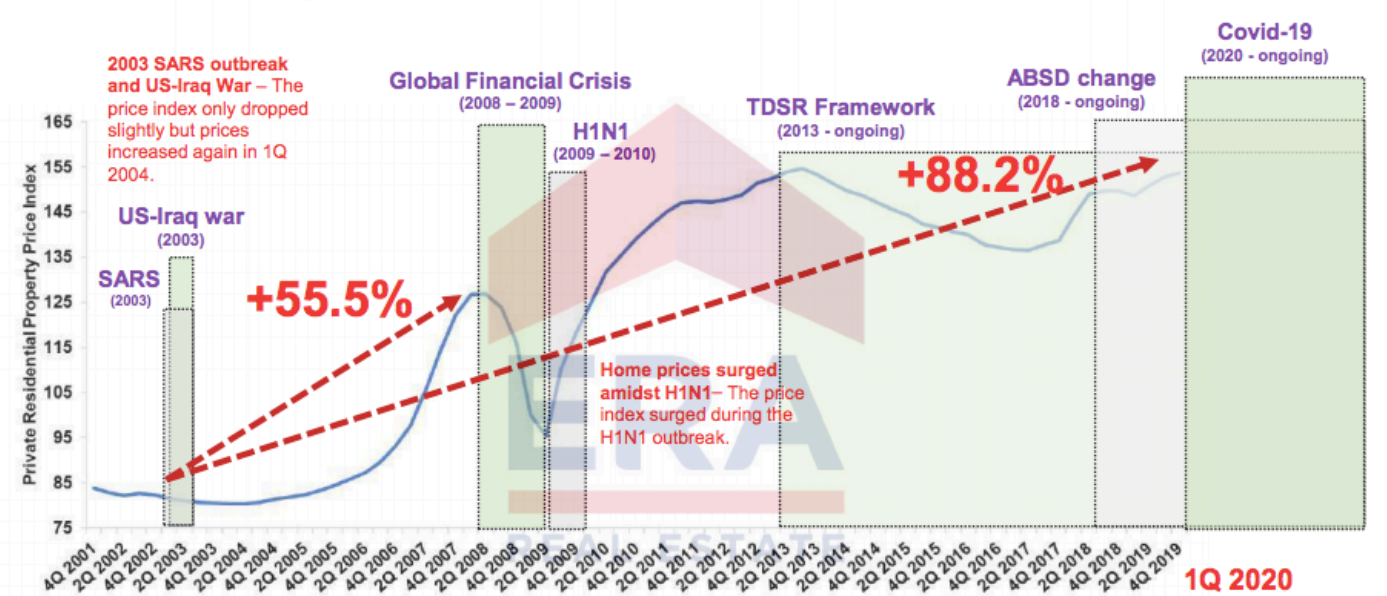
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MARKET MOVEMENT

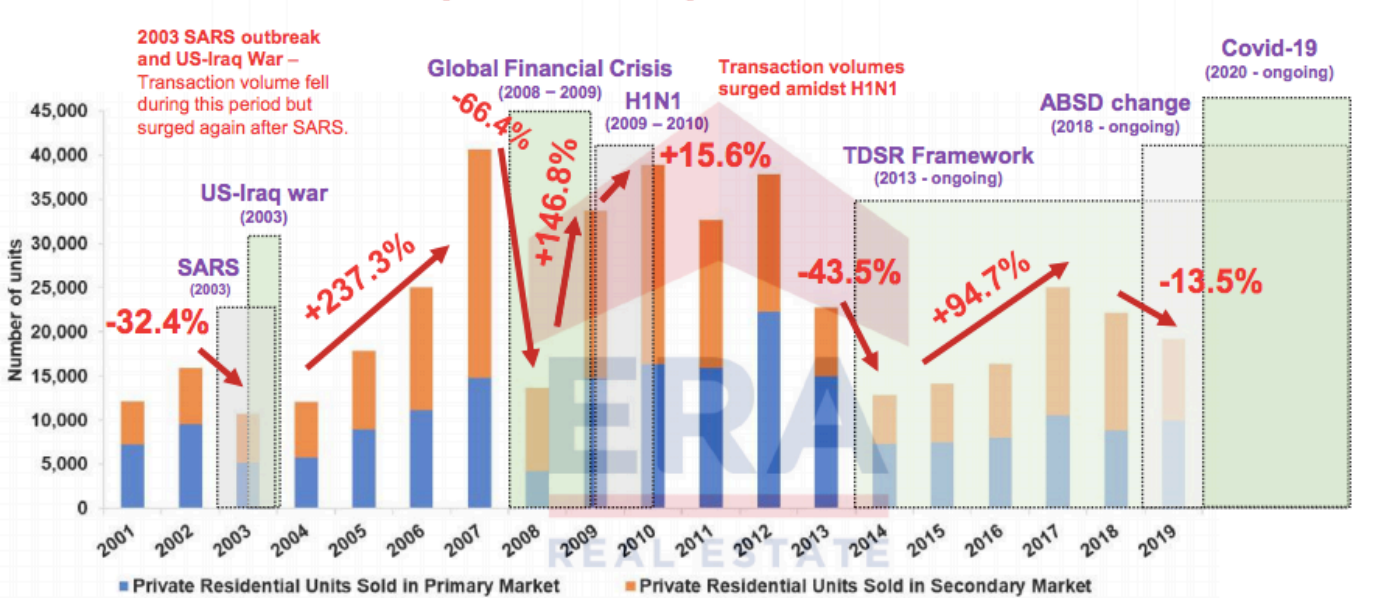
Where Is The Market Heading Now?

Price index (2001 - 2019)



Source: URA, ERA Research And Consultancy

Transactions (2001 - 2019)



Source: URA, ERA Research And Consultancy

"THE INCREASING VOLATILITY OF THE FINANCIAL MARKETS MAY CONTINUE TO PROPEL INVESTORS TO REAL ESTATE AS PROPERTIES ARE REGARDED AS SAFE-HAVEN ASSETS," SHE NOTED.

SOURCE: STRAITS TIMES 17 MAR 2020

Virus	Epidemic period in Singapore	Cases	Death	Fatality rate
SARS	Mar 2003 to Jul 2003	238	33	13.87%
Swine flu (H1N1)	April 2009 to Feb 2010	415,000	18	0.004%
Covid-19	Jan 2020 to present	89*	0*	0%*

Source: National Library Board, CNA, ERA Research and Consultancy

Do You Know we have been in this similar situation before?

Despite SARS Epidemic, Property Prices only dropped slightly but Prices Increases again in Q1 2014.

Singapore Property Prices increases steadily (+55.5%) until the Global Financial Crisis that took place in 2008, which causes a dipped in Property Prices.

Shortly after 2008 Global Financial Crisis, 2009 we were hit by H1N1 Epidemic, despite the H1N1 Epidemic, Property Prices surged during the outbreak.

Property Prices surged so much that Government has to intervene and implement cooling measures since 2013. Government implemented a total of 15 Cooling Measures till date, in order to slow down the process of price increment.

2020 is the year of COVID-19 crisis, it is also the year of our General Elections, what do you think the price will be? **Based on the chart above, the new low is always higher than the next low.**

“SINGAPORE'S PROPERTY MARKET IS IN A GOOD POSITION TO WITHSTAND THE COVID-19 SPREAD.

HE BELIEVES PROPERTY DEVELOPERS HERE ARE NOT LIKELY TO DROP PRICES IN A KNEE-JERK REACTION AS THEY HAVE THE WHEREWITHAL TO WAIT FOR THE CRISIS TO PASS.”

- WING TAI'S DEPUTY CHAIRMAN AND DEPUTY MANAGING DIRECTOR EDMUND CHENG.

Source: Business Times 19 Feb 2020



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