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Media Release

MORTGAGE MARKET REFERENCE RATE (MMRR) UNCHANGED AT 2.25 PER CENT IN MARCH 2014

Commercial banks' residential mortgage rates continued to show a downward trend in 2013. The residential mortgage rate on new mortgages fell to 4.84 per cent in December 2013 from 5.32 per cent in September 2013, having started the year at 6.28 per cent. Similarly, the residential mortgage rate on outstanding mortgages dipped to 6.05 per cent in December 2013 from 6.16 per cent in September 2013 and was 6.95 per cent at the end of December 2012. Lower mortgage rates have helped to support real estate mortgage demand throughout most of 2013. Mortgage lending by the banking system grew by 13.4 per cent (year-on-year) in December 2013.

With liquidity levels in the banking system high, domestic interest rates remained low. Commercial banks' funding cost, as reflected in the weighted average deposit rate, was unchanged at 0.56 per cent in December 2013, while the 15-year Central Government bond yield rose marginally to an estimated 3.21 per cent, from 3.15 per cent in September 2013.

On this basis the interest rate benchmark for residential mortgages: the Mortgage Market Reference Rate, remains unchanged at 2.25 per cent in March 2014. Commercial banks and their affiliated non-bank financial institutions are expected to apply this mortgage rate plus a margin to all existing residential mortgage loans that are due to be re-priced as well as new mortgages from March 3, 2014. The margin will be negotiated between the commercial bank and customer. The margin takes into account the customer's credit rating, the location of the property, the size of the down payment and the size and quality of collateral.

The next MMRR announcement is scheduled for June 2, 2014.

March 3, 2014.

Table
Mortgage Market Reference Rates (MMRR)
and Commercial Banks' Residential Mortgage Rates
(Per cent Per Annum)

	MMRR*	Residential Mortgage Rate (Outstanding mortgages at end of period)	Residential Mortgage Rate (New mortgages during the quarter)
Mar-2012	3.25	7.33	6.75
Jun-2012	3.25	7.21	6.60
Sep-2012	3.00	7.07	6.40
Dec-2012	2.50	6.95	6.28
Mar-2013	2.50	6.82	5.91
June-2013	2.25	6.53	5.58
Sep-2013	2.25	6.16	5.32
Dec-2013	2.25**	6.05	4.84
Mar-2014	2.25	-	-

Source: Central Bank of Trinidad and Tobago.

* The MMRR is announced on the first business day of the last month of the relevant quarter.

** As at December 2, 2013, the MMRR methodology was adjusted to incorporate the 15-year Central Government bond yield rather than the 10-year Central Government bond yield.

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