

## Arlingclose's Economic and Interest Rate Forecast (December 2010)

### Money Market Data and PWLB Rates

The average, low and high rates correspond to the rates during the financial year and rather than those in the tables below

#### Bank Rate, Money Market Rates

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2010	0.50	0.35	0.35	0.42	0.51	0.81	1.26	1.54	2.07	2.82
30/04/2010	0.50	0.30	0.30	0.43	0.53	0.83	1.29	1.70	2.23	2.95
31/05/2010	0.50	0.45	0.50	0.61	0.60	0.85	1.35	1.46	1.89	2.58
30/06/2010	0.50	0.35	0.35	0.45	0.61	0.94	1.38	1.40	1.79	2.42
31/07/2010	0.50	0.40	0.40	0.50	0.71	1.01	1.46	1.36	1.75	2.39
31/08/2010	0.50	0.40	0.55	0.50	0.71	1.00	1.45	1.20	1.47	2.02
30/09/2010	0.50	0.30	0.25	0.51	0.72	1.01	1.46	1.24	1.51	2.05
31/10/2010	0.50	0.48	0.40	0.51	0.72	1.01	1.46	1.26	1.53	2.08
30/11/2010	0.50	0.40	0.51	0.51	0.72	0.88	1.46	1.32	1.66	2.30
31/12/2010	0.50	0.40	0.40	0.51	0.72	1.01	1.47	1.49	1.94	2.61
Minimum	0.50	0.30	0.25	0.42	0.51	0.75	1.00	1.13	1.37	1.92
Average	<b>0.50</b>	<b>0.39</b>	<b>0.41</b>	<b>0.49</b>	<b>0.66</b>	<b>0.96</b>	<b>1.40</b>	<b>1.40</b>	<b>1.78</b>	<b>2.42</b>
Maximum	0.50	0.55	0.55	0.80	0.75	1.01	1.47	1.75	2.31	3.04
Spread		0.25	0.30	0.38	0.24	0.26	0.47	0.62	0.94	1.11

Following an announcement in the Comprehensive Spending Review on 20<sup>th</sup> October 2010, following instruction from HM Treasury, the PWLB has increased the interest rate on all new loans by an average of 1% above UK Government Gilts. PWLB rates were suspended at 12.30pm on 20<sup>th</sup> October, and the rate changes were reflected in borrowing rates from 1.35pm on the same day.

- The new borrowing rate for fixed rate loans whether borrowed on an EIP, Annuity or Maturity loans have increased by around 0.87% across all maturities.
- The premature repayment rates do not benefit from the corresponding increase and the PWLB's methodology remains unchanged.
- Variable rate loans :
  - if entered into *after* 12.30pm on 20<sup>th</sup> October 2010, will be 0.90% higher than previously, so a premium of 0.90% should be added to the variable rates published on the PWLB's website.

**PWLB Borrowing Rates – Fixed Rate, Maturity Loans**

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2010	064/10	0.81	2.84	4.14	4.21	4.60	4.61	4.63
30/04/2010 12:15	089/10	0.85	2.86	4.13	4.20	4.61	4.61	4.60
28/05/2010 12:15	127/10	0.73	2.46	3.76	3.83	4.36	4.38	4.38
30/06/2010 12:16	171/10	0.67	2.27	3.54	3.62	4.22	4.28	4.27
30/07/2010 12:16	217/10	0.70	2.29	3.55	3.62	4.32	4.41	4.40
31/08/2010 12:15	259/10	0.63	1.84	3.05	3.13	3.82	3.93	3.93
30/09/2010 12:15	303/10	0.64	1.88	3.14	3.86	4.00	4.03	4.02
29/10/2010 12:16	346/10	1.58	2.90	4.23	5.06	5.20	5.22	5.20
30/11/2010 12:15	390/10	1.56	3.05	4.40	5.18	5.26	5.25	5.23
31/12/2010 09:19	430/10	1.65	3.33	4.58	5.18	5.23	5.20	5.16
Minimum		0.60	1.81	3.05	3.82	3.93	3.93	3.92
<b>Average</b>		<b>0.96</b>	<b>2.50</b>	<b>3.79</b>	<b>4.50</b>	<b>4.57</b>	<b>4.57</b>	<b>4.56</b>
Maximum		1.77	3.45	4.75	5.41	5.47	5.46	5.43

**PWLB Repayment Rates – Fixed Rate, Maturity Loans**

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2010	064/10	0.56	2.38	3.82	4.35	4.36	4.26	4.19
30/04/2010 12:15	089/10	0.62	2.43	3.83	4.37	4.38	4.33	4.30
28/05/2010 12:15	127/10	0.50	2.04	3.44	4.12	4.15	4.11	4.10
30/06/2010 12:16	171/10	0.44	1.86	3.23	3.98	4.05	4.00	3.97
30/07/2010 12:16	217/10	0.47	1.88	3.23	4.08	4.18	4.13	4.10
31/08/2010 12:15	259/10	0.40	1.45	2.73	3.57	3.70	3.66	3.62
30/09/2010 12:15	303/10	0.41	1.48	2.82	3.62	3.77	3.76	3.73
29/10/2010 12:16	346/10	0.47	1.61	3.03	3.93	4.09	4.07	4.03
30/11/2010 12:15	390/10	0.45	1.75	3.20	4.06	4.15	4.10	4.06
31/12/2010 09:19	430/10	0.54	2.04	3.39	4.07	4.12	4.05	3.99
Minimum		0.37	1.40	2.73	3.51	3.70	3.66	3.62
<b>Average</b>		<b>0.49</b>	<b>1.85</b>	<b>3.23</b>	<b>4.01</b>	<b>4.10</b>	<b>4.06</b>	<b>4.02</b>
Maximum		0.68	2.53	3.94	4.47	4.46	4.38	4.35

### PWLB Variable Rates

	1-M Rate	3-M Rate	6-M Rate			
<b>01-Apr-2010</b>	0.6500	0.6500	0.7000			
<b>30-Apr-2010</b>	0.6500	0.6500	0.7000			
<b>28-May-2010</b>	0.6500	0.6500	0.7000			
<b>30-Jun-2010</b>	0.6500	0.7000	0.7000			
<b>30-Jul-2010</b>	0.6500	0.7000	0.7000			
<b>31-Aug-2010</b>	0.6500	0.6500	0.7000			
<b>30-Sep-2010</b>	0.6500	0.7000	0.7000			
Borrowing undertaken pre-CSR				Borrowing undertaken post-CSR		
	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
<b>29-Oct-2010</b>	0.6600	0.6700	0.6900	1.5600	1.5700	1.5900
<b>30-Nov-2010</b>	0.6700	0.6700	0.6900	1.5700	1.5700	1.5900
<b>31-Dec-2010</b>	0.7000	0.7000	0.7500	1.6000	1.6000	1.6500
Minimum	0.6500	0.6500	0.6800	1.5600	1.5600	1.5800
<b>Average</b>	<b>0.6607</b>	<b>0.6715</b>	<b>0.7022</b>	<b>1.5767</b>	<b>1.5824</b>	<b>1.6080</b>
Maximum	0.7000	0.7500	0.7500	1.6000	1.6500	1.6500