

Rong360 Jianpu Technology Inc. (NYSE:JT) Big Data Institute: The First-Home Mortgage Rate in Line with LPR in Shanghai

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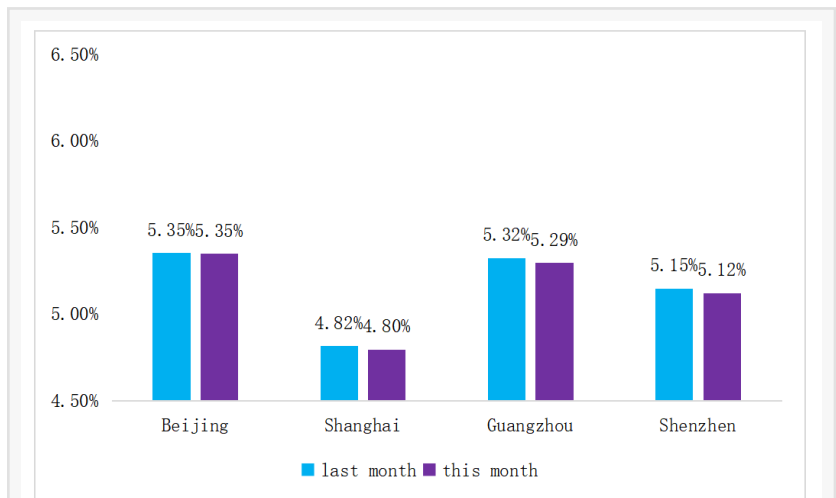
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Cities: The First-Home Mortgage Rate in Line with LPR in Shanghai and Comparatively Great Fluctuations in Guangdong
Rong360 [Jianpu Technology](#) Inc. (NYSE:JT) Big Data Research Institute indicated that February 2020 witnessed slight decreases by 1-5 BPs on a MoM basis in first-home mortgage rates in 19 cities, while first-home mortgage rates climbed up in 10 cities, including Huizhou where an uptrend of 12 BPs boosted it into the rank of the “6% Plus cities”.

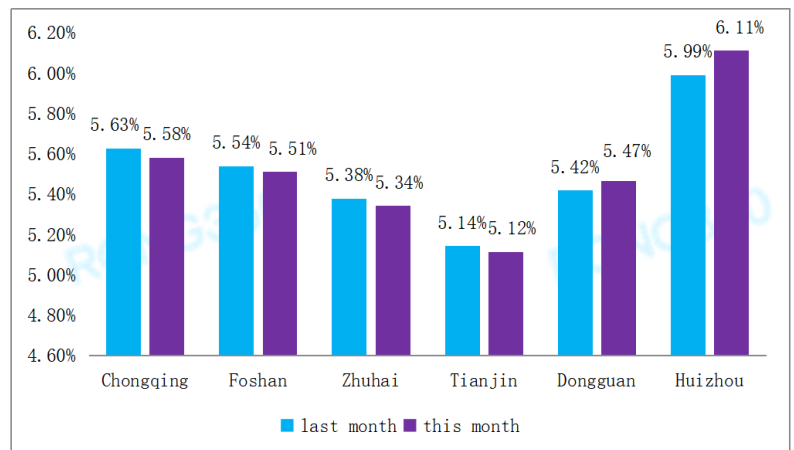
Besides Beijing, three other cities cut their first-home mortgage rates again in February 2020. Guangzhou and Shenzhen saw a drop by 3 BPs on a MoM basis, while Shanghai, with a cut of 2 BPs on a MoM basis, hit a new low of 4.80%, which was in line with the five-year LPR of the corresponding period.

February 2020 witnessed a 5 BPs or higher variation of first-home mortgage rates in only three Tier-2 cities, Chongqing, Dongguan and Huizhou, decreased by 5 BPs, grew by 5 BPs and grew by 12 BPs respectively. The mortgage rates in the Guangdong proved to have fluctuated more significantly than in other provinces in that six of the 11 cities wavering by 3BPs or higher were located in Guangdong.

Policy: City-specific Home Market Regulations and Unwavering Devotion to The Policy of No Speculation on Housing



Graph 3 Average First-Home Mortgage Rate among Tier 1 Cities (MOM)



Graph 4 Average First-Home Mortgage Rate among Tier 2 Cities (MOM)

In the wake of the coronavirus epidemic, more than 20 provinces and cities issued new real estate market policies in response. At the beginning, policies centered around talent-oriented mortgage subsidy and land supply. Since the last ten days of February, Zhumadian (Henan), Nanning (Guangxi), Dongguan (Guangdong), etc. had adjusted housing provident fund policies, including housing provident fund down payment percentage, loan limit, second-home mortgage loan and loan period.

Obviously the provinces and cities are pursuing different policies over the epidemic period based on different perspectives on the home market. Most of the initiatives are supposed to provide an incentive to rigid demands. Considering that the most recent five-year LPR released by the PBOC in February 20 decreased by 5 BPs, close attention should be drawn to whether there will further mortgage rate cuts in the future.

From a nationwide perspective, PBOC releases the Chinese Monetary Policy Executive Report Q4 2019 on the evening of February 19, the PBOC once more stressed that homes should serve practical residential needs rather than as a commercial investment. When in reply to the relevant hotspot questions, PBOC deputy governor Liu Guoqiang said the LPR drop would basically have a negligible impact on the Individual mortgage rate since the bank could keep it largely stable by adding basis points to the LPR.

Since 2020 the mortgage rate nationwide has been stabilizing with a slight fall. The tendency of stabilization is expected to go on in the future.

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