



Bankrate: Fed Fears Drive Rates to 3-Month High

NEW YORK – Sept. 15, 2016 – Mortgage rates were slightly higher this week, with the benchmark 30-year fixed mortgage rate nosing up to 3.64 percent, according to Bankrate.com's weekly national survey. The 30-year fixed mortgage has an average of 0.23 discount and origination points.

The larger jumbo 30-year fixed climbed to 3.62 percent, while the average 15-year fixed mortgage rate rose to 2.91 percent. Adjustable mortgage rates increased this week as well, with the 5-year ARM moving up to 3.13 percent and the 7-year ARM jumping to 3.32 percent.

Concerns about whether or not central banks have reached their limits drove bond yields and mortgage rates higher this week, with the benchmark 30-year fixed rate erasing the entire post-Brexit decline and rising to 3.64 percent. Bond yields and mortgage rates alike were hit by worries of a potential Federal Reserve interest rate hike, a lack of additional stimulus by the European Central Bank, and the notion that the stimulus efforts at the Bank of Japan have hit a wall with not enough bonds available for them to purchase. Rates have been uncharacteristically low – with some saying markets have been distorted – because of the collective actions of central banks around the globe. If there's no more stimulus to come, then there are fewer reasons for investors to buy and hold those assets the central banks have been buying. Mortgage rates are closely related to yields on long-term government bonds and market dynamics like this have a very strong influence on the movements of mortgage rates.

At the current average 30-year fixed mortgage rate of 3.56 percent, the monthly payment for a \$200,000 loan is \$913.79.

SURVEY RESULTS

30-year fixed: 3.64% -- up from 3.56% last week (avg. points: 0.23)

15-year fixed: 2.91% -- up from 2.87% last week (avg. points: 0.18)

5/1 ARM: 3.13% -- up from 3.07% last week (avg. points: 0.25)

Bankrate's national weekly mortgage survey is conducted each Wednesday from data provided by the top 10 banks and thrifts in 10 top markets.

For a full analysis of this week's move in mortgage rates, go to <http://www.bankrate.com/finance/mortgages/mortgage-analysis-091416.aspx>

The survey is complemented by Bankrate's weekly Rate Trend Index, in which a panel of mortgage experts predicts which way the rates are headed over the next seven days. The majority – 58 percent – expect mortgage rates will increase over the next week, while 17 percent predict a decline. 25 percent forecast that mortgage rates will remain more or less unchanged over the next seven days.

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