



Bankrate: Mortgage Rates Rise for Second Consecutive Week

NEW YORK – May 26, 2016 – Mortgage rates increased again this week, with the benchmark 30-year fixed mortgage rate rising to 3.82 percent, according to Bankrate.com's weekly national survey. The 30-year fixed mortgage has an average of 0.2 discount and origination points.

For just the third week in a row, the larger jumbo 30-year fixed came in a tad higher than the smaller conforming loan, at 3.84 percent. This is in contrast to the prevailing trend dating to last June where the larger jumbo loan rate was lower than the smaller conforming loan rate. The average 15-year fixed mortgage rate climbed to 3.06 percent this week. Adjustable mortgage rates were higher also, with the 5-year ARM hitting a two-month high of 3.23 percent.

The barrage of comments from the Federal Reserve about the potential for a summer interest rate hike continued this week, and market expectations are resetting as a result. This is the catalyst for the increase – albeit modest increase – in mortgage rates over the past 10 days. The message the Fed has been trying to send in an effort to guide expectations higher has been received, with interest rates across the spectrum rising accordingly. The increases on mortgage rates have been comparatively tame as long-term interest rates – to which mortgage rates are closely related – have seen increases tempered by the poor global growth outlook and ongoing purchases from overseas investors in pursuit of yield. Markets now reflect more realistic expectations for an interest rate hike in the coming months, the exact conditions the Fed needs to see in order to be able to raise interest rates without catching markets off guard.

At the current average 30-year fixed mortgage rate of 3.82 percent, the monthly payment for a \$200,000 loan is \$934.19.

SURVEY RESULTS

30-year fixed: 3.82% -- up from 3.76% last week (avg. points: 0.20)

15-year fixed: 3.06% -- up from 2.98% last week (avg. points: 0.13)

5/1 ARM: 3.23% -- up from 3.18% last week (avg. points: 0.22)

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-052616.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 panelists are evenly split, with 45 percent expecting further increases and 45 percent predicting that mortgage rates will remain more or less unchanged in the coming week. Just 10 percent forecast a decline in mortgage rates in the next seven days.

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For more information contact:

Kayleen Yates
Vice President, Corporate Communications
kyates@bankrate.com
(917) 368-8677