



Bankrate: Mortgage Rates Down Slightly

NEW YORK, N.Y. – Sept. 22, 2016 – Mortgage rates moved modestly lower this week, with the benchmark 30-year fixed mortgage rate slipping to 3.62 percent, according to Bankrate.com’s weekly national survey. The 30-year fixed mortgage has an average of 0.20 discount and origination points.

The larger jumbo 30-year fixed nosed higher to 3.63 percent, while the average 15-year fixed mortgage rate held steady at 2.91 percent. Adjustable mortgage rates were mixed, with the 3-year ARM rising to 3.24 percent, while the 5-year and 7-year ARMs retreated to 3.09 percent and 3.28 percent, respectively.

Mortgage rates were little changed ahead of a much-anticipated meeting of the Federal Open Market Committee, the Federal Reserve’s rate-setting committee. The Fed did not raise interest rates, despite giving an upbeat assessment of the economy. However, they did send a strong signal that a rate hike is coming perhaps as soon as December. In addition to pointing out that inflation remains below their intended target, the Fed’s economic projections released following the meeting revealed that they aren’t expecting core inflation to hit 2 percent until 2018. The combination of no rate hike now, low inflation, very modest increases in inflation, and a possible short-term rate hike later this year is good news for long-term bonds, and by extension, mortgage rates. Higher inflation erodes the value of the fixed payments bondholders receive, but projections of low inflation and measures to keep it in check tend to push yields lower. Mortgage rates are closely related to yields on long-term government bonds.

At the current average 30-year fixed mortgage rate of 3.62 percent, the monthly payment for a \$200,000 loan is \$911.54.

SURVEY RESULTS

30-year fixed: 3.62% -- down from 3.64% last week (avg. points: 0.20)

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

5/1 ARM: 3.09% -- down from 3.13% 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-092116.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. A little over half of respondents – 56 percent – predict mortgage rates will retreat further over the next week, while 33 percent expect mortgage rates to remain more or less unchanged. Just 11 percent forecast an increase in mortgage rates over the next seven days.

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