



Bankrate: Mortgage Rates Fall to Nearly 3-Month Lows

NEW YORK – Sept. 29, 2016 – Mortgage rates pulled back this week to levels not seen since early July, with the benchmark 30-year fixed mortgage rate falling to 3.54 percent, according to Bankrate.com’s weekly national survey. The 30-year fixed mortgage has an average of 0.22 discount and origination points.

The larger jumbo 30-year fixed tied a record low at 3.54 percent, while the average 15-year fixed mortgage rate fell to the lowest level since May 2013, at 2.82 percent. Adjustable mortgage rates were lower as well, with the 5-year ARM sinking to 3.04 percent and the 7-year ARM dropping to 3.21 percent.

Mortgage rates staged the sharpest pullback since early July following last week’s meeting of the Federal Open Market Committee. The Fed did not raise interest rates and in addition to pointing out that inflation remains below their intended target, 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 with very modest increases, 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, which are closely related to yields on long-term government bonds, have directly benefited from this.

At the current average 30-year fixed mortgage rate of 3.54 percent, the monthly payment for a \$200,000 loan is \$902.56.

SURVEY RESULTS

30-year fixed: 3.54% -- down from 3.62% last week (avg. points: 0.22)

15-year fixed: 2.82% -- down from 2.91% last week (avg. points: 0.18)

5/1 ARM: 3.04% -- down from 3.09% last week (avg. points: 0.26)

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-092816.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 – 58 percent – expect mortgage rates to remain more or less unchanged over the next week, while 25 percent predict further declines. Just 17 percent forecast an increase in mortgage rates over the next seven days.

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For more information:

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