



## **Bankrate: Mortgage Rates Slump on News of Disappointing Economic Growth**

NEW YORK – August 4, 2016 – Mortgage rates reversed course following a less-than-stellar report on economic growth, with the benchmark 30-year fixed mortgage rate dropping to 3.56 percent, according to Bankrate.com's weekly national survey. The 30-year fixed mortgage has an average of 0.27 discount and origination points.

The larger jumbo 30-year fixed established a new record low, falling to 3.62 percent, and remains higher than the average conforming rate for the sixth week in a row and just the ninth time in the past year. The average 15-year fixed mortgage rate set a new three-year low, sliding to 2.83 percent. Adjustable mortgage rates were lower as well, with the 5-year ARM dropping to 3.01 percent and the 7-year ARM inching lower to 3.25 percent.

Mortgage rates fell to the second lowest level of the year following the lackluster report of economic growth throughout the first half of 2016. Gross Domestic Product, the broadest measure of economic output, increased at an annualized pace of just 1.2 percent in the second quarter – about half of the expected pace of growth – while the first quarter result was revised lower to just 0.8 percent. While reports on consumer spending and manufacturing have painted a better picture, markets reacted to the headline du jour. But up next is the monthly employment report which typically garners more headlines than any other economic report all month long, so further mortgage rate volatility could be in the offing.

This time last year the average 30-year fixed mortgage rate was 4.10 percent, which carried a monthly payment of \$966.40 on a \$200,000 loan. At the current average rate of 3.56 percent, the monthly payment for the same size loan is \$904.80, resulting in savings of \$61 per month for a homeowner refinancing now.

### **SURVEY RESULTS**

30-year fixed: 3.56% -- down from 3.63% last week (avg. points: 0.27)

15-year fixed: 2.83% -- down from 2.89% last week (avg. points: 0.22)

5/1 ARM: 3.01% -- down from 3.08% last week (avg. points: 0.27)

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-080416.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. Just over half of the panelists – 54 percent – expect mortgage rates to remain more or less unchanged over the next week, while 38 percent forecast an increase. Just 8 percent predict further declines in mortgage rates over the next seven days.

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