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Mortgage Rates Head Downward

According to the latest data from mortgage finance company Freddie Mac, rates on all traditional loan programs dropped in the past week, due to reports of slower economic activity.

“News of moderate employment gains in January led to a halt in the recent upward trend of interest rate movements,” said Freddie Mac vice president and chief economist Frank Nothaft. “The 111,000 jobs added last month were fewer than had been anticipated, while the unemployment rate edged up unexpectedly.”

The average rate on a 30-year fixed rate loan slid down to 6.28% during the week ended Feb. 8, a decrease from 6.34% the week earlier. A year ago, the average rate was 6.24%.

Nothaft commented, “Throughout the year we expect rates on 30-year mortgages to average between 6.3 and 6.5 percent.”

Fifteen-year fixed rate loans carried an average rate of 6.02% this week, down from 6.06% last week. At this time last year, the gap between 30-year and 15-year rates was much larger as 15-year loans averaged 5.83%.

The rate on one-year Treasury indexed adjustable rate mortgages (ARMs) fell to 5.49% from 5.54% the previous week. The current rate is above the year-ago level of 5.34%.