30-year fixed rate at new low

Housing market showing an uptick

By Marcy Gordon
Associated Press

WASHINGTON — The average U.S. rate on the 30-year fixed mortgage stayed this week at the lowest level on record.

Mortgage buyer Freddie Mac says the average on the 30-year loan was 3.66 percent. That's unchanged from last week and the lowest since long-term mortgages began in the 1950s.

The average rate on the 15-year mortgage, a popular refinancing option, slipped to 2.94 percent. That's down from 2.95 percent last week and matches the record-low 2.94 percent reached three weeks ago.

The rate on the 30-year loan has been below 4 percent since December.

Cheap mortgages have provided a lift to the long-suffering housing market. Sales of new and previously occupied homes are up from the same time last year. Home prices are rising in most markets. And homebuilders are starting more projects.

The number of people who signed contracts to buy previously occupied homes rose in May, matching the fastest pace in two years, the National Association of Realtors reported Wednesday.

Low rates could also help the economy if more people refinance. When people refinance at lower rates, they pay less interest on their loans and have more money to spend. Many homeowners use the savings on renovations, furniture, appliances and other improvements.

Mortgage rates have been dropping because they tend to track the yield on the 10-year Treasury note.