BUSINESS

Worrisome news pushes down

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THE WASHINGTON POST

Mortgage rates plummeted to their lowest levels in three years this week.

Weak first-quarter economic growth, persistent global economic worries and last week's anemic jobs report all contributed to pushing down bond yields. Because mortgage rates tend to follow the yield on the 10-year Treasury, home loan rates retreated.

According to the latest data released Thursday by the Federal Home Loan Mortgage Corp., the 30-year fixed-rate average sank to a low not seen since May 2013, falling to 3.57 percent with an average 0.5 point. (Points are fees paid to a lender equal to 1 percent of the loan amount.) It was 3.61 percent a week ago and 3.85 percent a year ago. The 30-year fixed rate has dropped 44 basis points since the first of the year. (A basis point is 0.01 percentage point.)

The 15-year fixed-rate average tumbled to 2.81 percent with an average 0.5 point. It was 2.86 percent a week ago and 3.07 percent a year ago.

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JONATHAN SMOKE
REALTOR.COM

The five-year adjustable rate average fell to 2.78 percent with an average 0.5 point. It was 2.8 percent a week ago and 2.89 percent a year ago.

"Disappointing April employment data once again kept a lid on Treasury yields, which have struggled to stay above 1.8 percent since late March," Sean Becketti, Freddie Mac chief economist, said in a statement. "Prospective homebuyers will continue to take advantage of a falling rate environment that has seen mortgage rates drop in 14 of the previous 19 weeks."

mortgage rates

Economists who had predicted home loan rates would steadily rise in 2016 are now revising their expectations but cautioning to expect continued volatility with rates bouncing up and down.

"The average 30-year rate will likely remain under 4 percent throughout the spring and summer and into the early fall," said Jonathan Smoke, chief economist at realtor.com. "The average forecast sees the 30-year conforming rate ending the year at 4.21 percent, which would be 12 basis points higher than we ended 2015."

Nearly three-quarters of the experts surveyed by Bankrate.com, which puts out a weekly mortgage rate trend index, said that rates will remain relatively unchanged this week. Less than 10 percent believe they will rise.

Meanwhile, mortgage applications were flat this week, according to the latest data from the Mortgage Bankers Association.

The refinance share of mortgage activity accounted for 52.8 percent of all applications.