



Bankrate: Mortgage Rates Bound Higher on Inflation Pickup

NEW YORK – February 16, 2017 – Mortgage rates jumped this week, with the benchmark 30-year fixed mortgage rate moving to 4.35 percent, according to Bankrate.com's weekly national survey. The 30-year fixed mortgage has an average of 0.25 discount and origination points.

The larger jumbo 30-year fixed climbed to 4.34 percent, while the average 15-year fixed mortgage rate rebounded to 3.51 percent. Adjustable mortgage rates also moved upward, with the 5-year ARM notching higher to 3.51 percent and the 7-year ARM stepping up to 3.73 percent.

Mortgage rates moved higher following increases in two different inflation measures – the Producer Price Index and the Consumer Price Index – and Fed Chair Janet Yellen's testimony to Congress that waiting too long to raise interest rates "would be unwise." With this week's move, the benchmark 30-year fixed mortgage rate reset a new high water mark since May 2014. The two inflation readings and strong results on retail sales for both December and January indicate an economy gaining momentum. Coupled with near full employment and the prospect of government stimulus, Janet Yellen reiterated the need to raise interest rates further. The timing however, remains uncertain. But within a 24-hour span following Yellen's initial comments to the Senate Banking Committee and the release of the retail sales and consumer price data, the odds of a March rate hike doubled from 13 percent to 26 percent according to trading in Fed funds futures.

At the current average 30-year fixed mortgage rate of 4.35 percent, the monthly payment for a \$200,000 loan is \$995.62.

SURVEY RESULTS

30-year fixed: 4.35% -- up from 4.27% last week (avg. points: 0.25)

15-year fixed: 3.51% -- up from 3.49% last week (avg. points: 0.22)

5/1 ARM: 3.51% -- up from 3.46% 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-021517.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. More than half of the panelists – 55 percent – expect mortgage rates to continue climbing over the

next week. A bit more than one-third of respondents, 36 percent, predict mortgage rates to remain more or less unchanged while just 9 percent forecast a retreat in the coming week.

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For more information:

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