30-Year AND 15-Year FRM At Lowest Level Since Spring 2004

Click to

Monday, January 28, 2008 - Freddie Mac

McLEAN, VA - Freddie Mac released the results of its Primary Mortgage Market Survey in which the 30-year fixed-rate mortgage (FRM) averaged 5.48 percent with an average 0.4 point for the week ending January 24, 2008, down from last week when it averaged 5.69 percent as well. Last year at this time, the 30-year FRM averaged 6.25 percent**.** The 30-year FRM has not been lower since the week ending March 25, 2004 when it averaged 5.40 percent**.**

The 15-year FRM this week averaged 4.95 percent with an average 0.4 point, down from last week when it averaged 5.21 percent. A year ago at this time, the 15-year FRM averaged 5.98 percent. The 15-year FRM has not been lower since the week ending April 1, when it averaged 4.84 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.13 percent this week, with an average 0.4 point, down from last week when it averaged 5.40 percent. A year ago, the 5-year ARM averaged 6.00 percent. The 5-year ARM has not been lower since June 30, 2005, when it averaged 5.06 percent.

One-year Treasury-indexed ARMs averaged 4.99 percent this week with an average 0.6 point, down from last week when it was 5.26 percent. At this time last year, the 1-year ARM averaged 5.49 percent. The 1-year ARM has not been lower since October 27, 2005, when it averaged 4.91 percent.

“Economic news released last week confirmed the weak condition of the housing market. Housing starts fell further in December to 1.006 million units, the slowest pace since May 1991,” said Frank Nothaft, Freddie Mac vice president and chief economist. “For the year as a whole, housing starts dropped nearly 25 percent, from 2006’s level. This was the largest annual decline since 1980. New permits issued also fell to the lowest level since March 1993.

When the Federal Reserve cut the target federal funds rate by three quarters of a percentage point, the action was extraordinary in both the magnitude and the timing of the rate cut: it is the largest cut since October 1984, and also the first time in more than six years that the Fed took such action outside of a scheduled Federal Open Market Committee meeting. The last time the Fed decided to ease the target federal funds rate in an unscheduled meeting was immediately after September 11, 2001. As a result, mortgage rates continued trending down for the fourth consecutive week across loan products.”