

## **U.S. fixed mortgage rates continue to rise with stronger economic outlook**

WASHINGTON, Aug. 16 (Xinhua) -- U.S. fixed mortgage rates this week edged up for the third straight week following recently released stronger economic data, according to the Primary Mortgage Market Survey released Thursday by Freddie Mac.

The mortgage giant said the 30-year fixed-rate mortgage (FRM) was 3.62 percent in the week ending August 16, up from last week's 3.59 percent. It has been below 4 percent all but one week in 2012.

The 15-year FRM, a popular choice for those looking to refinance, also increased to 2.88 percent from 2.84 percent a week earlier. It has been below 3 percent for 12 consecutive weeks.

In addition, the 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) edged down to 2.76 percent, while the 1-year Treasury-indexed ARM was up to 2.69 percent.

Before locking in the low rates, borrowers have to pay banking service fees, also known as points, which are calculated as a percentage of the loan, typically between 0.4 to 0.6.

Low inflation and gradually stronger economic activity placed further upward pressure on long-term Treasury yields and in turn fixed mortgage rates, Freddie Mac said. Inflation remained in check, with 12-month growth in the core consumer price index falling for a second month to 2.1 percent in July. Meanwhile, industrial production rose 0.6 percent in July compared to a 0.1 percent increase in June and retail sales jumped 0.8 percent in July from a 0.7 percent decline in June.

Lower rates have played as an important incentive to house refinancing and buying since last fall. With constant modest improvement recently, the U.S. housing crash is said to have reached the bottom. However, many economists say the market still needs years to recover entirely as the bottom will be prolonged.