



Freddie Mac August 2016 Outlook

August 15, 2016

Forecast Snapshot (August 2016)

Summary (annualized)	2015	2016	2017
30-year PMMS (%)	3.9	3.6	3.7
Total home sales (M)	5.75	6.04	6.16
House price growth (%)	6.1	5.3	4.0
Total originations (\$B)	1,750	2,000	1,650

MCLEAN, VA--(Marketwired - Aug 15, 2016) - [Freddie Mac](#) (OTCQB: FMCC) released today its monthly [Outlook](#) for August showing that for the first time since 2012, mortgage originations are expected to top \$2 trillion in 2016. Low mortgage interest rates are spurring a burst of refinance activity, and strong home sales and house price growth are supporting purchase mortgage activity.

Outlook Highlights

- Revising down GDP growth to 1.5 percent in 2016 and 1.9 percent in 2017.
- Expecting low mortgage interest rates and strong home sales to boost 2016 forecasted mortgage originations by \$175 billion over last month's forecast.
- Projecting interest rates to remain below 4 percent in 2016 as well as 2017. Revising down the 2017 mortgage rates forecast to 3.7 percent for the average 30-year fixed-rate mortgage and 2.1 percent for the 10-year Treasury yield.
- Forecasting total home sales to reach 6.04 million in 2016 (the highest level in a decade) versus 5.96 million forecasted last month.
- Expecting housing construction to remain on an upward trend, but at a slower pace of increases. Revising down the housing starts forecast for 2016 and 2017 to 1.2 million and 1.4 million, respectively.

Quote: Attributed to Sean Beckett, Chief Economist, Freddie Mac.

"At the current pace, we're likely to see the mortgage market top \$2 trillion in originations for the first time since 2012. And unlike in 2012, when the market was driven largely by refinances, today's market is more balanced between home refinances and purchases; nearly 50-50. This is good news for home sales as we're likely to see the best year in home sales in a decade. This is a good sign for the housing market as it continues to be an even brighter spot in the economy.

"However, the housing market still has challenges, which is reflected in our housing starts forecast. Low levels of inventory across many markets will continue to put upward pressure on house prices for the foreseeable future."

Freddie Mac was established by Congress in 1970 to provide liquidity, stability and affordability to the nation's residential mortgage markets. Freddie Mac supports communities across the nation by providing mortgage capital to lenders. Today Freddie Mac is making home possible for one in four home borrowers and is the largest source of financing for multifamily housing. Additional information is available at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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