



Freddie Mac July 2016 Outlook

July 12, 2016

Forecast Snapshot (July 2016)

Summary (annualized)	2015	2016	2017
30-year PMMS (%)	3.9	3.6	4.0
Total home sales (M)	5.75	5.96	6.16
House price growth (%)	6.0	5.0	4.0
Total originations (\$B)	1,750	1,825	1,550

MCLEAN, VA--(Marketwired - Jul 12, 2016) - [Freddie Mac](#) (OTCQB: FMCC) released today its monthly [Outlook](#) for July showing international concerns, particularly slowing growth in China and the Brexit vote in the U.K., have played a major role in driving down mortgage rates. In the most recent Primary Mortgage Market Survey the 30-year fixed-rate mortgage fell to 3.41 percent, just slightly above the all-time record low. This is likely to result in a boost in housing activity, particularly refinance, as homeowners take advantage of the current low rates.

Outlook Highlights

- Expect growth rebound in the remaining quarters of 2016 to show GDP at 1.9 and 2.2 percent in 2016 and 2017.
- In light of recent global pressures, the 30-year fixed-rate mortgage forecast has been revised down for both 2016 (by 30 basis points) and 2017 (by 50 basis points) to 3.6 percent and 4.0 percent, respectively.
- Based on these low mortgage rates, expect the refinance share of originations to rise to 49 percent for 2016, 8 percentage points above last month's forecast. This translates to about \$100 billion more in originations, bringing the total for 2016 to \$1,825 billion.
- With June's much-improved employment report over May's release, expect unemployment to average 4.9 percent in 2016 and 4.8 percent in 2017.
- The house price appreciation forecast for 2016 remains at 5.0 percent, and in 2017, 4.0 percent.

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

"With the U.K.'s decision to exit from the European Union, global risks increased substantially leading us to revise our views for the remainder of 2016 and all of 2017. Nonetheless, the turbulence abroad should continue to create demand for U.S. Treasuries and keep mortgage rates near historic lows; thereby, allowing home sales to have their best year in a decade, along with a boost in refinance activity."

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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