



Freddie Mac February 2015 U.S. Economic and Housing Market Outlook

February 18, 2015

Interest Rate Tension

MCLEAN, VA--(Marketwired - Feb 18, 2015) - [Freddie Mac](#) (OTCQB: FMCC) released today its U.S. Economic and Housing Market Outlook for February, looking at the affect short-term interest rate policy changes will have in light of the existing substantial downward pressure currently on long-term interest rates. A video preview, along with the complete February 2015 U.S. Economic and Housing Market Outlook and forecast table, is available [here](#).

Outlook Highlights

- Lowered our overall projection of first quarter growth to 2.5 percent from 3.0 percent last month and lowered 2015 annual growth by 0.1 percentage points to 2.9 percent for the year.
- Forecasts for home sales (5.6 million in 2015) and housing starts (1.18 million in 2015) are unchanged from last month.
- Due to continued strong growth in house prices and relatively low inventories, expect house prices to increase 3.9 percent in 2015, up from our forecast of 3.5 percent last month.
- Raised 2015 originations forecast to \$1.3 trillion from \$1.2 trillion last month
- Revised the average 30-year fixed-rate mortgage rate forecast for 2015 down to 3.9 percent for the year, compared to 4.2 percent last month.

Quote

Attributed to Len Kiefer, Deputy Chief Economist, Freddie Mac.

"Despite the fact the yield curve has flattened, we remain optimistic about the course of the domestic U.S. economy over the next year. We also do not foresee a major turnaround in the global growth picture and therefore recent trends in foreign buying of long-term U.S. securities activity should continue. That means continued downward pressure on long-term interest rates here in the U.S. Even if the Federal Reserve begins raising short-term rates later this year, don't expect to see long-term rates -- including mortgage rates -- increase much. This is great news for housing markets, especially headed into the spring homebuying season. Lower rates help to offset some of the recent increases in house prices and keep homebuyer affordability high."

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 one of the largest sources 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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