

## Freddie Mac sees rates headed to 6 percent by end of 2010

Contributed by Sam Stamper  
Monday, 28 December 2009

WASHINGTON (Reuters) - After hitting an all-time low in early December, the average rate on a 30-year, fixed-rate mortgage rose to 5.05 percent this week and could climb to 6 percent by the end of 2010, the Washington Post reported on Saturday, citing U.S. mortgage financier Freddie Mac's latest survey.

The results are noteworthy because rates have not topped 5 percent since the last week of October, when they reached 5.03 percent, based on the results of this survey, which polls lenders during the first three days of every week, the newspaper said.

Amy Crews Cutts, deputy chief economist at Freddie Mac, told the newspaper that interest rates were bound to rise to 6 percent by the end of 2010 because private buyers would demand a higher rate of return on the securities than did the Federal Reserve, the U.S. central bank. Lenders may have to raise the rates they charge to consumers in order to make that happen.

"Extraordinary resources have been put into keeping the rates down and supporting the mortgage markets and it's hard to imagine that the rates can go much lower than they are," Crews Cutts said. "Anything we get at or below 5 percent is a gift at this point."

(Reporting by Jim Wolf; editing by Alan Elsner)