

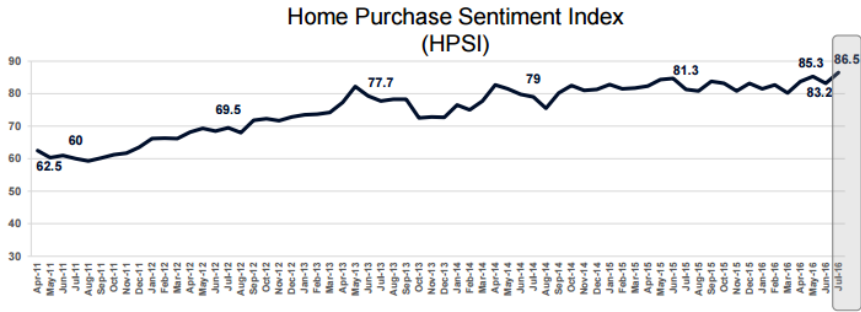


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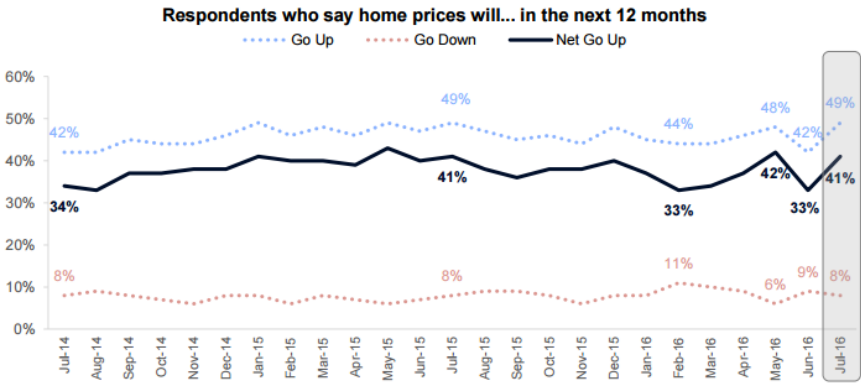
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Housing Confidence Highest Since Fannie Began Keeping Track in 2011

Fannie Mae's Home Purchase Sentiment Index (HPSI) made, what for it, was a significant jump in July, reaching the highest level in the history of the National Housing Survey from which it is derived. The **index rose 3.3 points** to 86.5 reflecting, the company said, a pick-up in housing market indicators and wages. It might also signal a shift among the Millennial generation toward buying rather than renting.



Each of the six components that comprise the HPSI increased with the largest gains in sentiment about the direction of home prices. The net share of survey respondents who expect appreciation over the next year rose by 8 points after falling in June. The net share of consumers who expect a decrease in mortgage interest rates also rose 5 percentage points.



National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.09%	+0.07	0.00
15 Yr. Fixed	6.56%	+0.03	0.00
30 Yr. FHA	6.62%	+0.07	0.00
30 Yr. Jumbo	7.35%	+0.04	0.00
5/1 ARM	7.30%	+0.06	0.00

Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00

Mortgage Bankers Assoc.			
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

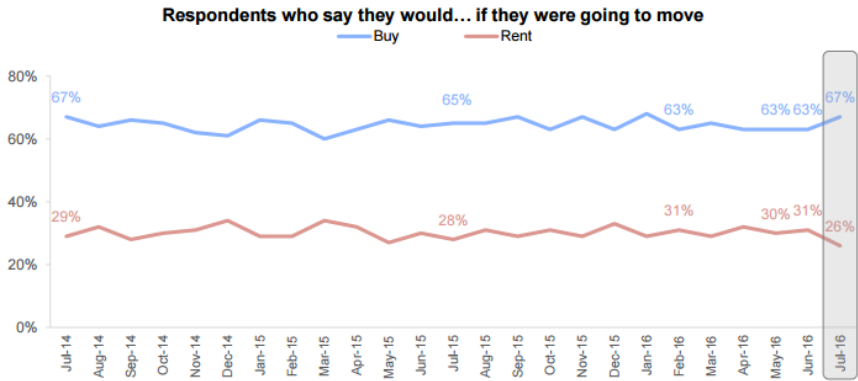
Rates as of: 5/17

Recent Housing Data

		Value	Change
Mortgage Apps	May 15	198.1	+0.51%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

		Value	Change
Builder Confidence	Mar	51	+6.25%

While it is not one of the components of the index, responses to the question of whether the consumer intended to buy or rent their next home was encouraging. The share who said they would buy increased 4 points to 67 percent, while the share of consumers who said they would rent moved down 5 points to 26 percent, equaling an all-time National Housing Survey low.



"The HPSI reached a new survey high this month, but enthusiasm should be tempered because the increase only returns the index to a **very gradual upward trend**," said Doug Duncan, senior vice president and chief economist at Fannie Mae. "One interesting potential bright note for housing in the July survey is that younger households may finally be shifting toward buying rather than renting in greater numbers. Whether the shift in sentiment in July toward buying rather than renting on their next move holds up or is a temporary reaction to their view that rents are on the rise and mortgage rates will be lower, we will see. However, we are getting set to release some additional research in early August showing evidence of a broader move by older millennials in the direction of ownership."

Fannie Mae conducts its National Housing Survey monthly among a sample of 1,000 consumers, both homeowners and renters. It is intended to gather respondents' current views and forward-looking expectations of housing market conditions and address topics that are related to their home purchase decisions. The responses to the remainder of the six questions: whether it is a good or bad time to buy or to sell a house, how concerned consumers are about losing their jobs, and whether their incomes are higher than they were a year earlier all moved in a positive direction.

- The Household Income component rebounded after dropping in June, rising 3 percentage points to 11 percent.
- The sentiment that it is a good time to buy a home rose 1 point. That it is a good time to sell was up 2 points for the month and was 18 points higher than a year earlier.
- Net confidence about job stability rose 1 point