

# Fed's Rosengren sees mortgage rate rise in spring REUTERS

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NEW YORK (Reuters) – U.S. home loan rates could rise by as much as three-quarters of a percentage point in the spring as the Federal Reserve ends its mortgage bonds purchase program, a top Fed policymaker said in an interview published on Saturday.

"You maybe would have thought you would have seen rates move up more quickly than they have, but nonetheless it's a concern," Boston Federal Reserve Bank President Eric Rosengren told The Hartford Courant.

Thirty-year mortgage rates averaged 5.09 percent the first week of January, according to mortgage finance company Freddie Mac.

The Fed is set by the end of March to end the \$1.25 trillion mortgage-backed securities purchase program -- put in place to bring down mortgage rates and support the housing market as it struggles out of its worst slump in decades.

Rosengren, a voter on the Fed's policy-setting panel this year, said the Fed could extend the program if the economy deteriorated dramatically, but that was unlikely.

"That's not in our forecast," he said. "That's not what we are expecting."

Rosengren, seen as one of the more "dovish" Fed officials on inflation, reiterated his view that low inflation meant the Fed did not need to rush to raise benchmark interest rates.

"Until inflation gets back to 2 percent there is plenty of room to wait and see how the economy progresses," Rosengren told the newspaper in an interview conducted on Friday.

"We want a trajectory that gets us back to full employment and gets us back to 2 percent."

(Reporting by Kristina Cooke; Editing by Peter Cooney)

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