



Rich E. Blanchard

Managing Director, RICH Home Loans LLC

NMLS: 492461

1550 Wewatta St., 2nd Floor Denver, CO 80202

Office: 720.619.9900

Mobile: 303.328.7047

Fax: 214.975.2874

richblanchard@richhomeloans.com

[View My Website](#)

Mortgage Rates Surge Above 2-Year Highs

Mortgage rates spiked abruptly today, bringing them to the highest levels in **well over 2 years**. The average lender is now quoting conventional 30yr fixed rates of 4.25% on top tier scenarios with more than a few already up to 4.375%. You'd have to go back to the summer of 2014 to see a similar mortgage rate landscape.

(NOTE: Freddie Mac's widely-cited primary mortgage market survey, released today, showed a 0.05% increase week-over-week. That increase is actually fairly close to the true week-over-week increase, but only if you're using last Wednesday or Friday as your baseline. Freddie's baseline was Mon/Tue--shorter than normal due to the holiday week. Additionally, Freddie's survey doesn't capture today's rate spike, which was roughly 0.10%. The bottom line is that many borrowers will be seeing rates that are **.125-0.25% higher this week** versus the beginning of last week. By my calculations, if rates didn't change at all in the coming week, Freddie's next survey would likely be 0.08% higher.)

The situation is **all the more troubling** considering the fact that rates weren't too far above all-time lows less than a month ago. The pace of losses has only been seen **2 other times in the last 30 years** (in 1987 and 1996). For the record, 2013's taper tantrum resulted in a bigger rate spike than we're seeing currently, but it took more than twice as long to play out. There were no 4-week periods of time in 2013 that compare to rise in rates seen over the past 4 weeks. For those who recall the vicious rate spike at the end of 2010, the current pace is just a bit faster.

The higher rates go--the more the boundaries of past precedent are stretched, the more likely we are to see a rebound. The catch is that there's no way to know when that rebound will happen until it's underway. That makes floating **very dangerous**, and locking potentially **very frustrating** (because it's clearly the safer bet since the election, but increasingly runs the risk of being ill-timed).

Subscribe to my newsletter online at:

<http://housingnewsletters.com/richhomeloans>

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

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.40	-0.15
MBS GNMA 6.0	100.78	+0.04
10 YR Treasury	4.4223	+0.0454
30 YR Treasury	4.5610	+0.0549

Pricing as of: 5/17 5:59PM EST

Expert Advice | Exceptional Service | Flawless Execution

With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

Rich E. Blanchard

