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## Mortgage Rates Rise After Trump Speech, But Not Necessarily Because of It

**Mortgage rates** moved sharply higher today, bringing the average top tier 30yr fixed quote **back to 4.25%** from 4.125% previously. That doesn't exactly mean that rates are .125%, depending on your perspective. While the actual rate applied to loan balances is .125% higher on average, the amount of interest paid in conjunction with a mortgage is also depends on upfront costs. In cases where borrowers are being quoted .125% higher in rate today, those upfront costs are generally lower. If we express those costs in terms of rate, the actual day-over-day change is 0.07%. That may not seem like much, but it's the biggest increase in well over a month.

**So what's the deal?** With Trump's congressional speech yesterday and surging stock prices today, it's tempting to view the rate move against that backdrop--i.e. markets liked the speech, so they bought stocks and sold bonds (selling bonds results in higher rates). But the bigger story for the bond market was a series of comments yesterday from several members of the Fed--particularly NY Fed President Dudley. **Long story short**, investors felt like Dudley gave a compelling warning about a Fed rate hike 2 weeks from today. Most of the negative reaction in the bond market occurred before Trump's speech, and the move was well-correlated with Fed rate hike expectations.

While the day-over-day change is bigger than we've seen recently, the net effect isn't too troubling in the bigger picture. Rates are roughly in the middle of their narrow, post-election range. As long as they stay there, a case can be made for **either locking or floating**. For instance, locking made a lot of sense last Friday when rates were at 3-month lows. While recent weakness creates some more opportunity for risk-takers, keep in mind that because the range is narrow, it might only take a day or two of weakness before you'd be forced to lock at a loss (which is the lesser of two evils if rates end up breaking through the ceiling of this range as opposed to the floor).

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## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.11%	-0.01	0.00
15 Yr. Fixed	6.61%	-0.01	0.00
30 Yr. FHA	6.58%	-0.01	0.00
30 Yr. Jumbo	7.37%	0.00	0.00
5/1 ARM	7.29%	-0.01	0.00

### Freddie Mac

30 Yr. Fixed	7.09%	-0.35	0.00
15 Yr. Fixed	6.38%	-0.38	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/14

## MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.24
MBS GNMA 6.0	101.24	+0.21
10 YR Treasury	4.4238	-0.0146
30 YR Treasury	4.5721	-0.0129

Pricing as of: 5/15 3:57AM 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**

