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Mortgage Rates Slightly Higher After French Election

Mortgage rates moved moderately higher today, and most of the blame goes to the presidential election in France. If you're wondering what European politics have to do with mortgage rates in the US, you're not alone. While it certainly isn't the first thing that comes to mind when thinking about what's motivating rates, its impact was unmistakable today.

To understand the connection, first consider that the EU economy is slightly bigger than that of the US. Then consider France is the third biggest economy in the EU. Germany is the biggest and the UK is the second biggest. On that note, don't forget that the UK is currently in the process of exiting the European Union. Now to bring it all home, simply consider that one of the candidates in the French election (Marine Le Pen) wants France to exit the EU as well.

Investors perceive the departure of large economies from the EU to be risky for growth. They're then more predisposed to sell stocks and buy bonds.

When investors buy bonds, rates move lower. In the case of the French election, when Le Pen didn't win, investors could afford to sell some of the bonds they bought as insurance for a potential Le Pen victory. When investors sell bonds, rates move higher. That's about as basic a conversation as we can have regarding the French connection to rates. (For what it's worth, Le Pen is still in the running, but is widely expected to lose the runoff election in early May. The fact that she didn't win outright yesterday is what prompted investors to move out of bonds and into stocks this morning).

In the bigger picture, rates didn't move too terribly much. Most lenders are back at levels seen roughly 2 weeks ago. For many, that means they're still quoting 4.0% on top tier conventional 30yr fixed scenarios, but with higher upfront costs. For others, it's meant a move back up to 4.125%.

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National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.02%	+0.03	0.00
15 Yr. Fixed	6.53%	+0.03	0.00
30 Yr. FHA	6.55%	+0.03	0.00
30 Yr. Jumbo	7.31%	+0.01	0.00
5/1 ARM	7.24%	+0.04	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: 5/16

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.55	-0.25
MBS GNMA 6.0	101.31	-0.18
10 YR Treasury	4.3915	+0.0146
30 YR Treasury	4.5349	+0.0288

Pricing as of: 5/17 6:55AM EST

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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.

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