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New 2017 Lows for Rates, But There's a Catch

Mortgage rates fell to new lows for the year today, following the North Korea nuclear threat headlines. In truth, the preceding sentence gives too much credit to geopolitical risk. Rates were already drifting very close to the lowest levels since the election, even before yesterday's news broke. Additionally, the improvements are still too small to be translating to NOTE rates themselves (the actual interest rate applied to your loan balance). Instead, it's the upfront costs that are allowing for fine-tuning adjustments. (This means the EFFECTIVE rate is changing, but not the NOTE rate.)

The bonds that underlie mortgage rates tend to stick pretty close to US Treasuries. That **wasn't** the case in the run up to (and away from) the financial crisis, but the relationship has been well-established for years now. As such, we can look to the far more robust and active Treasury market or clues about rate momentum. There we see 10yr Treasury yields (the most quintessential benchmark for longer-term rates) having a hard time breaking below the recent floor around 2.21%.

Until that happens, it makes sense to **remain cautious** when it comes to floating vs locking in the mortgage world. Yes, mortgage rates hit new 2017 lows because they've outperformed Treasuries since early June. If Treasuries see a big bounce, so will we.

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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

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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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