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Rates Hold Steady Despite Stock Gains

Mortgage rates were **roughly unchanged** today. Some lenders even offered improved rates in the afternoon as underlying bond markets managed to hold modest gains. All this despite another winning day for stocks (5th in a row now). Much has been made of the interaction between stocks and bonds since last week's stock market flash crash. Unfortunately many of the correlations mentioned in the news are fairly black and white.

For instance, many people believe that stock prices and bond yields **move higher together** because a growing economy not only implies stronger stock performance, but it can also support higher rates. In practice, however, this correlation is **hit and miss**. It seemed to be hitting in the wake of last week's crash and then again yesterday afternoon. Then today, bond markets (which drive rates) managed to make modest gains even as stocks advanced.

The only point here is to **not assume** that rates will be at the mercy of stocks--at least not consistently. Rates are at the mercy of much more important and threatening things like supply and demand issues in the bond market, not to mention concerns about rising inflation. These bigger issues aren't going away quickly. As such, the safest assumption is that the longer-term trend toward higher rates will remain intact indefinitely. There will be days of reprieve along the way. Today was one of them. We **haven't** had much luck hoping to see two in a row. Strategize accordingly with respect to locking vs floating.

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National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.25%	-0.03	0.00
15 Yr. Fixed	6.68%	-0.07	0.00
30 Yr. FHA	6.64%	-0.06	0.00
30 Yr. Jumbo	7.45%	-0.03	0.00
5/1 ARM	7.32%	-0.03	0.00

Freddie Mac

30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	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: 5/6

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.05	-0.03
MBS GNMA 6.0	100.92	-0.11
10 YR Treasury	4.4743	-0.0116
30 YR Treasury	4.6262	-0.0102

Pricing as of: 5/7 2:16AM 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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