



## Peter Bethke

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## Mortgage Rates Back at Recent Highs After Jobs Report

**Mortgage rates** rose moderately today (depending on the lender). It was enough to bring them back to the highest levels since early August. Additionally, we can expect them to be slightly higher on Monday unless underlying bond markets improve in Asia and Europe. **Reason being:** there was additional weakness in bonds this afternoon and most lenders didn't go to the trouble of adjusting their rate sheet offerings to account for it (though several lenders did). Weakness in bonds equates to higher rates, in general.

As for underlying causes, today was all about the **big jobs report** this morning. Typically, bond markets will weaken if the report shows stronger job creation. That wasn't exactly the case today. While the tally of new jobs was higher than expected, it wasn't an impressive result by the time revisions were factored in. Rather, bonds reacted to a jump in average hourly earnings, which is generally seen as a precursor to inflation. Inflation is bad for bonds because bond buyers are agreeing to a fixed schedule of payments upfront. If inflation makes those dollars less potent in the future, investors might not want to pay as much for those bonds today. And lower prices/demand on bonds equates to higher rates for consumers.

If all that was a bit hard to follow, the **bottom line** is this: higher wages = higher inflation implications = higher interest rates.

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## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.43%	<b>+0.02</b>	0.00
15 Yr. Fixed	5.95%	<b>0.00</b>	0.00
30 Yr. FHA	5.82%	<b>+0.02</b>	0.00
30 Yr. Jumbo	6.62%	<b>0.00</b>	0.00
5/1 ARM	6.28%	<b>-0.01</b>	0.00

### Freddie Mac

30 Yr. Fixed	6.35%	<b>-0.51</b>	0.00
15 Yr. Fixed	5.51%	<b>-0.65</b>	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	<b>-0.06</b>	0.54
15 Yr. Fixed	5.88%	<b>-0.16</b>	0.68
30 Yr. FHA	6.36%	<b>-0.06</b>	0.85
30 Yr. Jumbo	6.75%	<b>+0.07</b>	0.39
5/1 ARM	5.98%	<b>-0.27</b>	0.65

Rates as of: 8/30

## MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.35	<b>-0.16</b>
MBS GNMA 5.0	99.91	<b>-0.04</b>
10 YR Treasury	3.9039	<b>+0.0424</b>
30 YR Treasury	4.1932	<b>+0.0468</b>

Pricing as of: 8/30 5:59PM EST

## Celebrating my 21st year and specializing in lending in Wisconsin, NW Florida coast and Hwy 30a

You're in the right place. Helping people with home loans is all I have done for almost 21 years. Clear explanations, patience and expert advice are what my clients can expect. Information and education make the difference and to help people understand the loan process. Spending my day helping my clients is what I love to do!

**Peter Bethke**

