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Mortgage Rates Jump After Fed Announcement

Mortgage rates moved **quickly lower** after today's Fed Announcement. While the Fed was, by no means, expected to hike rates in October, there was a risk that the statement would introduce some verbiage that opened the door for a rate hike in December.

Those of us that saw this verbiage change as a possibility figured it would be a **clear warning** about where the Fed's collective minds were. Reason being: the recent economic data hasn't really justified any acceleration in the rate hike timeline, so if the Fed **STILL** insisted on alluding to a December hike, we'd know they were fairly serious about it.

Many market participants agreed--having pushed out bets on the first rate hike to March of 2016 due to the recently downbeat economic data. They figured there was little chance that the Fed would be hiking in 2015 with absent inflation and deteriorating economic conditions. It came as a surprise that the Fed was not only relatively upbeat about the economy, but actually went so far as to change the verbiage that referred to rate hike timing. That verbiage now **specifically** discusses "**the next meeting**" (December). While it doesn't promise a hike at that meeting, it's a clear warning shot and markets reacted accordingly.

Shorter term Treasuries (which are more directly affected by the Fed's policy rate) rose significantly. Longer term rates like 10yr Treasuries and the rates implied by mortgage-backed-securities, still got hurt, but not quite as badly. Many lenders that had been quoting 3.75% on conventional 30yr fixed loans have now moved up to **3.875%**. That said, there were plenty of lenders that remained at the same rates seen yesterday with only moderate increases in upfront costs. We've definitely seen bigger swings after surprising Fed news.

Is it a game-changer? It's too soon to tell, but it does make a lot of sense to protect against that possibility while rates are still holding inside the recent range.

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National Average Mortgage Rates



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

Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Mortgage Bankers Assoc.

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

Rates as of: 8/30

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/1 7:34PM EST