



## Dan Clifton

Principal Broker and Mortgage Guru, Clifton Mortgage Services, LLC

NMLS # 284174

670 N Orlando Ave Suite 101 Maitland, FL 32751

Office: 888-681-0777 x1001

Mobile: 407-252-3039

Fax: 866-512-0169

[dan@cliftonmortgageservices.com](mailto:dan@cliftonmortgageservices.com)

[View My Website](#)

## Mortgage Rates Perfectly Steady. Next Week Could be Different

**Mortgage rates** did absolutely nothing today. In fact, some lenders were not even open for business today. Those who were, generally made no discernible changes to rate sheets. This is not necessarily a surprise considering Black Friday is traditionally the slowest day of the year for the bond markets that underlie mortgage rate movement. Slowness is a reference to the overall amount of trading activity and the number of active market participants. Trading levels can still move amid such conditions, but they didn't today--at least not enough to matter. This leaves 4.0% intact as the most prevalently-quoted conventional 30yr fixed rate for top tier scenarios with 4.125% a distant second.

Bond markets closed early today (2pm instead of 5pm) so there is no further potential of rate changes until next week. With several important events on the calendar, we're guaranteed to see more movement compared to the week just passed. In particular, Thursday and Friday **can be volatile**, so look for opportunities to lock early in the week if you wish to avoid the potential drama.

### Today's Best-Execution Rates

- 30YR FIXED - 4.0%
- FHA/VA - 3.75%
- 15 YEAR FIXED - 3.25%
- 5 YEAR ARMS - 2.75 - 3.25% depending on the lender

### Ongoing Lock/Float Considerations

- 2015 has been largely about rates rising unevenly from a long-term low brought about by the onset of quantitative easing in Europe. In May and June, the Fed increasingly began telegraphing a 2015 rate hike. At that point, the "rising rate environment" seemed like a sure thing, but the Fed's plans hit several snags. Economic data began deteriorating at home and abroad, causing markets to rethink the higher rate rhetoric. Mortgage rates hit 6 month lows at the end of October, just as the Fed surprisingly changed it's policy statement to specifically suggest December as a rate hike possibility (something they haven't done since 1999).

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
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

- In the bigger picture, rates had been at a **crossroads**, trying to determine if they would move back to 2015 highs or if the late summer swoon was merely the first wave of a longer campaign.
- While there is still plenty of room to be concerned about increasingly weak global economic growth, that's not a solid enough reason to float in this environment. With the Fed almost certainly on track for a December rate hike, there is much **more risk** that rates move quickly higher vs quickly lower. The big picture global malaise can serve as the basis for long term hope, but in the short term, assume upward pressure on rates when formulating your strategy.
- *As always, please keep in mind that the rates discussed generally refer to what we've termed **'best-execution'** (that is, the most frequently quoted, conforming, conventional 30yr fixed rate for top tier borrowers, based not only on the outright price, but also 'bang-for-the-buck.' Generally speaking, our best-execution rate tends to connote no origination or discount points--though this can vary--and tends to predict Freddie Mac's weekly survey with high accuracy. It's safe to assume that our best-ex rate is the more timely and accurate of the two due to Freddie's once-a-week polling method).*

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