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## Mortgage Rates Erase More of Last Week's Spike

**Mortgage rates** continued lower at a decent pace today, further eroding the big move higher seen last Thursday. While the average lender isn't quite back to where they were before the spike, they're well over halfway. The most prevalently-quoted conventional 30yr fixed rate was getting close to 4.125% as of Thursday afternoon. It fell back to 4.0% on Friday. While you're still most likely to see 4% today, some of the more aggressively-priced lenders are back down to 3.875% on top tier scenarios.

It's a much riskier proposition to buy into a bounce back on the first day. Now with today's additional day of strength, last Thursday's spike increasingly looks like an **isolated incident**, driven by the European Central Bank's policy announcement (which fell far short of market expectations, driving stock prices down and rates higher). There are two ways to approach this.

On **one hand**, lenders can see what you can see. They, too, are feeling less defensive with this 2nd day of strength in the bond markets that underlie mortgage rates. As such, they've passed along some more of what they'd been holding back due to last week's volatility. This provides a better opportunity to lock than last Friday's less enthusiastic rate sheet improvements. On the **other hand**, the second day of strength could be a sign for risk-takers to continue floating in hopes of an even better lock opportunity. The caution I'd offer there is that we've still, by no means, entered back into a downward rate trend. So a decision to float would be predicated on speculation about the longer-term, bigger picture. That's definitely riskier business until we see how markets react to next week's highly likely Fed rate hike.

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## National Average Mortgage Rates



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