



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

[View My Website](#)

Mortgage Rates Back Away From Long Term Lows

Mortgage rates moved higher today, but remained near the lowest levels in more than 2 months. Friday's drop was uncharacteristically sharp and put rates in a position to break 7 month lows had today gone the other direction. Most lenders are quoting conventional 30yr fixed rates of 3.875% on top tier scenarios. 4.0% is the next most prevalent quote with only a select few of the most aggressive lenders down at 3.75%. All of these assume top tier scenarios.

Mortgage rates are most directly affected by the prices of mortgage-backed-securities (MBS) which generally move like 10yr US Treasuries. Both are considered part of the bond market. Another generality is that bond markets tend to benefit when stock markets are falling. While this isn't always the case, it has been a **driving force** so far in 2016. In other words, as stock prices have fallen dramatically, bond markets have improved. That means more investors are buying bonds like Treasuries and MBS. When MBS improve, mortgage rates fall.

With all that in mind, today's higher rates make sense considering the fact that major stock averages are closing at slightly higher levels compared to Friday. Stocks didn't bounce in any major way, so it stands to reason that the bounce in mortgage rates was similarly low-key. **Everyone wants to know** if the overall pain in stocks (and thus, mortgage rate resilience) will continue, but there's no way to know. It's clear that every time it looks like stocks are considering a bigger bounce that rates quickly get in position for a more meaningful move higher. Rates would be in more trouble if stocks happened to make bigger gains tomorrow.

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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