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Mortgage Rates Bounce Lower to Remain in Recent Range

It was a **good day for mortgage rates**. After moving higher at a somewhat disconcerting pace last Friday, rates were quickly approaching the upper boundary of their post-Brexit range as of yesterday. Today, however, they bounced nicely lower, keeping them well within the range.

There's **always some apprehension** involved when we're waiting for rates to break out of a narrow, sideways range, but in the current case, it's made more tolerable by the fact we're just a few eighths of a point above all-time lows. Lenders are quoting conventional 30yr fixed rates in a range of **3.375% to 3.5%** on top tier scenarios. For a few days in late 2012, the lowest comparable range was 3.125-3.25%.

For some, today's strong move in rates (and in underlying bond markets) is evidence that investors are interested in buying bonds if the price is right. Higher rates/yields connote lower prices and thus provide more attractive entry points for investors. If we can follow a clearly-defined range in rates over the past 1.5 months, investors are certainly seeing analogous boundaries governing their bond buying decisions.

Simply put, when bond prices get near the lowest points in the range (same as "highest rates"), investors have been more interested in buying. That means we can continue to watch the higher end of the recent range as a line in the sand that could **warn us about a shift** in momentum. In other words, if rates were to break above their post-Brexit highs, then we can worry about a bigger-picture shift. The more conservative way to approach this would be to say that rates have yet to demonstrate a willingness to break **BELOW** this same range. There's no wrong answer until the range breaks.

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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: 9/17:34PM EST