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Mortgage Rates Caught in 'Elevator Up, Stairs Down' Cycle

Mortgage rates, true to recent form, can't catch a break. Just when we think we might be seeing a glimmer of hope, we're treated to several days of painfully higher rates. Of course, all of this is playing out over a fairly narrow range. Indeed, today's movement is better measured in closing costs as opposed to actual contract rates. Lenders continue quoting conventional 30yr fixed rates of **4.125%** for top tier scenarios, but today's closing costs would be higher than yesterday's. Some lenders moved back up to 4.25% today.

Despite the narrow range and the fact that "low 4's" are historically low rates, consumers seeking mortgages are **not amused**. Even when the only day-over-day change is in closing costs, a move like today's can mean that a borrower seeking a \$300k loan is now looking at another **\$1200** in closing costs, simply because they held off on locking (or were unable to lock) yesterday.

Making matters **more frustrating** is the fact that 2015 has been an incessantly volatile year for rates. Even during past periods where rates have risen more overall, we generally saw a more concerted movement in one direction as opposed to the big moves higher and lower that have characterized the past few months. Volatility costs lenders too. It's created an environment where underlying market improvements have resulted in smaller corresponding improvements in rate sheets compared to historical averages. At the same time, when underlying markets deteriorate, lenders are quicker and more aggressive when it comes to adjusting rate sheets accordingly. **Elevator up, stairs down...**

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National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	0.00
Freddie Mac			
30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/3

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.19
MBS GNMA 6.0	100.53	+0.14
10 YR Treasury	4.3602	-0.0724
30 YR Treasury	4.5297	-0.0761

Pricing as of: 7/3 5:59PM EST