



## Mike Baker

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## Mortgage Rates Are Anything But Lower This Week!

If you don't happen to make it past this first sentence, just know that anyone telling you rates are **much higher** today is **NOT lying** to you. Anyone telling you the opposite is wrong, even though they may not understand why they're wrong. Coming to such an understanding is no harder than reading the next few paragraphs.

**Mortgage rates** can be **tricky** to follow, at first glance. They're not quite like other rates that move frequently throughout the day and that are published in a standardized format in multiple obvious locations. I'm thinking of something like the 10yr Treasury yield for the sake of comparison. In fairly short order, it would be easy to find multiple sources on the web that are telling you the same story on 10yr yields. But when it comes to mortgage rates, you're likely to get several different stories. Worse still are the days where multiple media outlets actually **AGREE** on what's happening with rates.

### Why is agreement bad?

When multiple media outlets agree that mortgage rates have moved by a certain amount to a certain level, and when you see several news stories to that effect, chances are it's Thursday and all of the reporters are citing Freddie Mac's weekly rate survey data. For better or worse, that's the long-standing mortgage rate benchmark both inside and outside the industry. For those who only need a general idea of how rates are moving over long time horizons, that's just fine! Freddie does a **decent enough job** of that.

For those who are actually in the industry, in the loan process, or considering starting the loan process, it creates **big problems**. The issue is that Freddie's survey is **heavily** weighted toward Monday and Tuesday responses. Thursday and Friday aren't even counted. That means rates can jump significantly on Wednesday--to much higher levels than the previous week--and news outlets can still be reporting "lower mortgage rates this week!"

That's **exactly** what has happened this week. Yesterday's rate surge took us to the highest levels in more than 7 years. Today's aftershock only added to the pain. But because Freddie's survey is primarily comparing Monday and Tuesday to last Monday and Tuesday, they're showing a small improvement in rates.

Is there **any gray area here?** Is there a chance I'm being overly sensational

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.07%	<b>+0.02</b>	0.00
15 Yr. Fixed	6.45%	<b>0.00</b>	0.00
30 Yr. FHA	6.51%	<b>+0.02</b>	0.00
30 Yr. Jumbo	7.26%	<b>0.00</b>	0.00
5/1 ARM	7.02%	<b>-0.01</b>	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.86%	<b>-0.01</b>	0.00
15 Yr. Fixed	6.16%	<b>+0.03</b>	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.02%	<b>-0.05</b>	0.65
15 Yr. Fixed	6.60%	<b>-0.15</b>	0.55
30 Yr. FHA	6.87%	<b>0.00</b>	0.92
30 Yr. Jumbo	7.18%	<b>-0.03</b>	0.54
5/1 ARM	6.45%	<b>+0.08</b>	0.81

Rates as of: 6/28

## MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.5	98.49	<b>-0.45</b>
MBS GNMA 5.5	99.10	<b>-0.44</b>
10 YR Treasury	4.4109	<b>+0.0129</b>
30 YR Treasury	4.5741	<b>+0.0101</b>

Pricing as of: 7/1 6:48AM EST

# Mortgage Rate Update

about this whole thing?

**NO!** Any notion of this week's rates being lower than last week's was out the window yesterday. It's **not even a close call** anymore. As I've said so many times, next week's Freddie survey will definitely reflect what I'm telling you today, unless bond markets manage to undergo a truly spectacular reversal tomorrow.

So is it possible for bonds to see such a reversal? Yes, but it's **equally possible** that the pain continues. Either way, it will likely be up to the market's reaction to the big jobs report in the morning. Traders aren't necessarily as interested in the payroll count and unemployment rate as they are in the average hourly earnings data--the ingredient that lit the match on September's rising rate powder keg.

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## Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the **ONLY** objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are **NOT** mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do **NOT** have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

**Mike Baker**

