



## Mike Baker

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## No, Mortgage Rates Aren't Lower Today!

It's Thursday on a volatile week for the bond market and thus time, once again, to play **our favorite game**: "no, rates didn't really do that." Sometimes, a majority of mortgage rate headlines say rates went higher when they're really lower. In today's case, rates are much higher than they were yesterday morning despite multiple headlines suggesting the opposite. Who's right? Who's wrong? And Why?

First off, **timing matters**. Yesterday morning's rates were much lower than yesterday afternoon's rates. This morning's rates were higher still. Finally, this afternoon has brought some relief, but not enough to get the average lender back to yesterday morning's levels. In all cases, this week's rates are definitely not lower than last week's.

The headlines that disagree with that assertion are invariably relying on a widely-followed weekly survey from Freddie Mac. **Unfortunately**, the survey's methodology means the number released on Thursday at 10am is actually a reflection of best-case-scenario purchase mortgage rate offerings from Friday afternoon through Monday morning. This past Friday/Monday saw the lowest rates in months! The survey actually couldn't have been timed any worse when it comes to unintentionally misleading people about today's mortgage rate reality--especially for people considering refinancing (as refi rates are higher than purchase rates for a majority of conventional loans).

**Bottom line on the discrepancy**: even after mid-day improvements, today's rates are still significantly worse than yesterday morning's rates--roughly an eighth of a percentage point in some cases.

As for the source of volatility, it had **everything to do with the Fed**. In short, markets were somewhat surprised by the Fed's rate hike outlook. Granted, the Fed Funds Rate (the thing the Fed would actually be hiking) doesn't control mortgage rates, but the outlook speaks to how quickly the Fed would need to dial back its bond buying programs (aka "tapering"). Those programs definitely help keep rates low. The sooner the Fed begins tapering, the sooner mortgage rates will see some upward pressure. Yesterday was really just a minor (but quick) adjustment in the market's estimated tapering timeline, and it was a bigger deal for shorter-term bonds (which are more affected by Fed rate hiking timing, relative to longer-term bonds). It was actually surprising to see just how much longer term bonds were willing to move in response--a fact that helps us reconcile today's friendly bounce.

## National Average Mortgage Rates



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

Rates as of: 6/28

## MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.5	98.49	-0.45
MBS GNMA 5.5	99.10	-0.44
10 YR Treasury	4.3931	-0.0049
30 YR Treasury	4.5597	-0.0043

Pricing as of: 6/30 10:43PM EST

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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**

