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Mortgage Rates Rise After Trump Speech, But Not Necessarily Because of It

Mortgage rates moved sharply higher today, bringing the average top tier 30yr fixed quote **back to 4.25%** from 4.125% previously. That doesn't exactly mean that rates are .125%, depending on your perspective. While the actual rate applied to loan balances is .125% higher on average, the amount of interest paid in conjunction with a mortgage is also depends on upfront costs. In cases where borrowers are being quoted .125% higher in rate today, those upfront costs are generally lower. If we express those costs in terms of rate, the actual day-over-day change is 0.07%. That may not seem like much, but it's the biggest increase in well over a month.

So what's the deal? With Trump's congressional speech yesterday and surging stock prices today, it's tempting to view the rate move against that backdrop--i.e. markets liked the speech, so they bought stocks and sold bonds (selling bonds results in higher rates). But the bigger story for the bond market was a series of comments yesterday from several members of the Fed--particularly NY Fed President Dudley. **Long story short**, investors felt like Dudley gave a compelling warning about a Fed rate hike 2 weeks from today. Most of the negative reaction in the bond market occurred before Trump's speech, and the move was well-correlated with Fed rate hike expectations.

While the day-over-day change is bigger than we've seen recently, the net effect isn't too troubling in the bigger picture. Rates are roughly in the middle of their narrow, post-election range. As long as they stay there, a case can be made for **either locking or floating**. For instance, locking made a lot of sense last Friday when rates were at 3-month lows. While recent weakness creates some more opportunity for risk-takers, keep in mind that because the range is narrow, it might only take a day or two of weakness before you'd be forced to lock at a loss (which is the lesser of two evils if rates end up breaking through the ceiling of this range as opposed to the floor).

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National Average Mortgage Rates



Rate Change Points

Mortgage News Daily

Product	Rate	Change	Points
30 Yr. Fixed	7.03%	-0.05	0.00
15 Yr. Fixed	6.44%	-0.01	0.00
30 Yr. FHA	6.50%	-0.05	0.00
30 Yr. Jumbo	7.24%	-0.01	0.00
5/1 ARM	7.05%	-0.02	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: 7/5

MBS and Treasury Market Data

Instrument	Price / Yield	Change
MBS UMBS 6.0	100.61	+0.22
MBS GNMA 6.0	100.74	+0.21
10 YR Treasury	4.2818	-0.0784
30 YR Treasury	4.4857	-0.0440

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

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With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

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