



## Rich E. Blanchard

Managing Director, RICH Home Loans LLC

NMLS: 492461

1550 Wewatta St., 2nd Floor Denver, CO 80202

Office: 720.619.9900

Mobile: 303.328.7047

Fax: 214.975.2874

[richblanchard@richhomeloans.com](mailto:richblanchard@richhomeloans.com)

[View My Website](#)

## Rates Drop to 8-Month Lows

**Mortgage rates fell convincingly** today, though not all lenders adjusted rates sheets in proportion to the gains seen in bond markets (which underlie rate movement). Those gains came early, with this morning's economic data coming in much weaker than expected. Markets were especially sensitive to the Consumer Price Index (an inflation report) which showed core annual inflation at 1.7% versus a median forecast of 1.9%.

Core annual inflation under 2.0% is a **hot topic**--especially today--considering that's one of the Fed's main goals. This afternoon's Fed Announcement did acknowledge the recent drop in inflation, but continued to suggest it was being held down by temporary factors. The Fed also officially unveiled its framework for decreasing the amount of bonds its buying (though it didn't announce a start to the program yet).

Bottom line: Fed bond buying is one of the reasons rates are as low as they are. Markets know the Fed will eventually enact this plan and they've accounted for that to the best of their ability. But as the Fed actually goes through the steps toward enacting the plan, it causes some upward pressure for rates. That was the case this afternoon, but bond markets were nonetheless able to hold on to a majority of improvement seen this morning. As such, the day ended with most lenders offering their **lowest rates in exactly 8 months** ( a few days following the presidential election).

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## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
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

	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

## Expert Advice | Exceptional Service | Flawless Execution

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.

**Rich E. Blanchard**

