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Glimmer of Hope in Rate Stability, But It Could Be a Trap

Mortgage rates remained in a **very narrow range** near their highest levels in roughly 3 months today. If you're into splitting hairs, we could discuss the fact that the average lender is charging microscopically lower closing costs for the same rates quoted yesterday, but most borrowers won't even see a change in rate quotes.

The sideways momentum isn't all too surprising given that the week's biggest potential market movers are all coming out over the next 3 days. The past 2 days, then, have been a nice **reprieve** from the consistently higher rates seen since June 27th. But undertand the reprieve is not necessarily an indication of a reversal.

Even if the coming days end up helping rates, there are **lingering risks** regarding the European Central Bank (ECB) policy announcement on July 20th. It's unlikely that rates will be willing to embark on a significant move lower unless that ECB announcement is pleasantly surprising, and there's just as much chance of Unpleasantness.

Bottom line: risk-takers have seen a glimmer of hope in the recent stability, but for most borrowers, it's still a good idea to err on the side of caution.

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National Average Mortgage Rates



| | Rate | Change | Points |
|--|------|--------|--------|
|--|------|--------|--------|

Mortgage News Daily

| | | | |
|--------------|-------|-------|------|
| 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

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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.

Rich E. Blanchard

