



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
[View My Website](#)

Mortgage Rates Unchanged Heading Into Holiday Week

Mortgage rates barely budged today--not too surprising considering today's bond market levels (which underlie rates) were roughly in line with yesterday's. The average lender is quoting conventional 30yr fixed rates of 4.0% or slightly lower for top tier scenarios. Movement has been minimal since October with day-over-day change most frequently occurring at the "cost" level.

In other words, bond markets don't move enough every day for lenders to change interest rates by their standard 0.125% increments. Instead, the cost (or rebate) associated with any given rate serves as a **fine-tuning** adjustment. The cost is typically calculated based on a percentage of the loan amount. It can move by more than half a percent in some cases (\$500 for every \$100k borrowed) before it would make sense for some borrowers to consider the next higher or lower rate.

With next week bringing the Thanksgiving holiday and with no possibility of significant tax reform news (congress is out until the following week), markets will be **hard-pressed** to find much motivation for movement. The risky thing about these periods of lighter participation and lower conviction in financial markets is that they can result in unexpected and seemingly unjustified volatility. Lenders also tend to be less aggressive when it comes to offering better rates following bond market improvements. That generally decreases the benefits of floating in the near term.

Today's Most Prevalent Rates

- 30YR FIXED - 4.0%
- FHA/VA - 3.75%
- 15 YEAR FIXED - 3.375%
- 5 YEAR ARMS - 2.75 - 3.25% depending on the lender

Ongoing Lock/Float Considerations

- 2017 had proven to be a relatively good year for mortgage rates despite widespread expectations for a stronger push higher after the presidential election in late 2016.
- While rates remain low in absolute terms, they've moved higher in a more threatening way heading into the 4th quarter, relative to the

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

stability and improvement seen earlier in 2017

- The default stance for now is that this trend toward higher rates has the potential to continue. It will take more than a few great days here and there for that outlook to change.
- For weeks, this bullet point had warned about recent stability inviting a bigger dose of volatility. That volatility is now here. As such, locking is generally the better choice until the volatility is clearly dying down.
- *Rates discussed refer to the most frequently-quoted, conforming, conventional 30yr fixed rate for top tier borrowers among average to well-priced lenders. The rates generally assume little-to-no origination or discount except as noted when applicable. Rates appearing on [this page](#) are "effective rates" that take day-to-day changes in upfront costs into consideration.*

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