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Mortgage Rates Quickly Lower After Inflation Data and Fed

Mortgage rates fell fairly quickly this afternoon following the Federal Reserves updated economic projections. While it is indeed true that the Fed "raised rates" this afternoon, there are two reasons that doesn't matter.

First of all, the rate the Fed adjusts (aptly named, the Fed Funds Rate), governs only the shortest-time frames (overnight loans among big banks). Although its effects radiate to longer-term debt like mortgages, the two are far from joined at the hip. Short term rates often move **one** direction while long term rates move **another**.

More importantly, **EVERYONE** responsible for trading the bonds that govern interest rates (and I do mean every last person without a single exception) was **well aware** that the Fed would be hiking rates today. No Fed rate hike has been better telegraphed during this cycle.

When bond traders know what's going to happen in the future, they'll trade accordingly as soon as possible. That means rates had **long since adjusted** to today's rate hike--so much so that the hike itself was a non-event. Again, it was the update economic projections that helped rates move lower this afternoon. Fed Chair Yellen's press conference played a major role as well.

Even before the Fed news came out, a weaker reading on an important inflation report helped bond markets get into **positive territory** on the day. The net effect of the Fed and the economic data was a moderately quick move back to last week's low rates.

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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.

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