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Mortgage Rates Rise Despite Market Improvement

Mortgage rates were slightly higher for most lenders today even though underlying bond markets suggested the opposite. This is partly a timing issue. Yesterday saw bond markets weaken throughout the day. Weaker bonds imply higher rates. After a certain amount of weakness, mortgage lenders will adjust rates and re-issue new rate sheets (aka a "negative reprice"). Many lenders did this yesterday, but not all of them. Even among the group that repriced, most of them did so earlier in the afternoon and bonds continued to weaken through the end of the day.

The net effect of all of the above is that most lenders **had some catching up to do** with bond market weakness that they hadn't fully accounted for yesterday. Those that didn't merely kept rates roughly unchanged.

Intraday volatility was, once again, closely linked with the stock market. **This isn't always** the case, but bonds/rates are at a crossroads. They're not ready to decide on their next big move on their own. As such, they're willing to take cues from stocks for the time being. Be aware, this correlation will come and go throughout the day on any given day. It's not safe to EXPECT that it will continue.

The **good news** is that they didn't land too far from yesterday's levels in the grand scheme of things, and are still technically closer to the bottom of their March/April range.

The saving grace for slightly higher rates is the fact that the range over the past 2 months has been exceptionally narrow. Most borrowers haven't seen their quoted **NOTE** rate change during that time (it's only been the "**EFFECTIVE** rate" which takes upfront costs into consideration).

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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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