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Temporary Factors Help Mortgage Rates... Temporarily

Mortgage rates caught some small semblance of a break today. If it's not apparent based on that assessment in conjunction with the headline, the improvements certainly left something to be desired, even though that's to be expected, given the circumstances.

Here's what I mean by that:

Rates are based on the bond market. Trading levels in the bond market are back in line with (or slightly better than) Tuesday's levels. But mortgage rates are still higher than those seen on Tuesday. It's really that simple.

Why is it to be expected?

Mortgage rates aren't created automatically based on the bond market. The bond market is merely the primary input. Lenders use bond prices/levels as a baseline for determining rates. If the market has been more volatile, lenders are quicker to raise rates and slower to bring them back down. This is especially true when rates have risen quickly to long-term highs, as they have this week. Moreover, today's bond market improvement was arguably driven by temporary factors relating to European politics and investor strategies at home.

Bottom line: it will take a much bigger, much more sustained move in bond markets for lenders to make meaningful changes to mortgage rates. Until then, it makes sense to remain defensive in terms of locking vs floating.

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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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