



## Rich E. Blanchard

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## Same Old Story For Mortgage Rates

**Mortgage rates** were **generally unchanged** today, prolonging an exceptionally flat trend. Over the past 3 weeks, the average mortgage seeker will not have seen a change in the interest rate attached to their loan. Changes have come instead from the upfront costs associated with any given rate, which can move in smaller increments than rates themselves (mortgage lenders tend to break up rates by eighths of a percentage point).

The lack of movement isn't for a lack of potential movement in underlying bond markets. That said, "potential" is the operative word, and it went unfulfilled by today's data and events. Given that today's biggest calendar event was Fed Chair Powell's congressional testimony, there's **little reason to assume** tomorrow's installment (with the House instead of the Senate) will offer any new insights that impact rates. That's **not** to say rates can't move, just that it won't likely be Powell that does the trick. Moreover, if rates **DO** move, chances are it won't be by much.

### Today's Most Prevalent Rates

- 30YR FIXED - 4.625-4.75
- FHA/VA - 4.25-4.5%
- 15 YEAR FIXED - 4.125%
- 5 YEAR ARMS - 3.75-4.25% depending on the lender

### Ongoing Lock/Float Considerations

- Rates moved higher in a serious way due to several big-picture headwinds, including: the Fed's rate hike outlook (and general policy tightening), the increased amount of Treasury issuance to pay for the tax bill (higher bond issuance = higher rates), and the possibility that fiscal stimulus results in higher growth/inflation.
- Despite those headwinds, the upward momentum in rates has cooled off heading into the summer months. This could merely be the eye of the storm, or it could end up being the moment where markets began to doubt that prevailing trends would continue.
- It makes sense to remain defensive (i.e. generally more lock-biased) because the headwinds mentioned above won't die down quickly. Temporary corrections can be explained away, but it will take a big change in economic fundamentals or geopolitical risk for the big

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
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
<b>Freddie Mac</b>			
30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00
<b>Mortgage Bankers Assoc.</b>			
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

picture to change. While that doesn't necessarily mean rates have to skyrocket, there's a good chance it means rates will struggle to move much lower than early 2018 lows until more convincing motivation shows up.

- *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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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**

