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Mortgage Rates Lowest Since August Ahead of Fed

Mortgage rates fell today as lenders got caught up with the friendly move in the bond market that we noted yesterday. Incidentally, today's bond market movement was also friendly (i.e. it suggested rates should continue to move lower).

There's almost never only one reason that financial markets are doing whatever they're doing, even if there is frequently one reason that's bigger than the others. Both **stocks** and **oil prices** were high on the list of reasons for today's interest rate movement. When it comes to stocks, big losses frequently help rates (investors often seek safe-havens when stocks are panicking, and bond markets can be one of those havens. More bond buying = lower rates).

When it comes to oil prices, the relationship with rates is **far less predictable**, but when oil is falling rapidly, there's an undeniable implication for inflation. After all, if the primary energy source used to transport most of the country's commerce becomes less expensive, businesses can better compete on price. Beyond that, fuel prices themselves are a part of several important inflation metrics. Inflation is one of the building blocks of longer-term interest rates. When inflation expectations fall, rates typically fall as well--all other things being equal.

Tomorrow brings the much-anticipated Fed Announcement, including updated forecasts and a press conference with Fed Chair Powell. Between those three items, we could see **plenty of volatility** for rates tomorrow afternoon. A strong move in one direction or the other could even set the tone for the next 2 weeks.

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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 | 4.3665 | +0.0063 |
| 30 YR Treasury | 4.5392 | +0.0095 |

Pricing as of: 7/5 5:59PM EST

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