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Just When You Thought Rates Wouldn't Go Any Lower

Mortgage rates were **already** in great shape on Friday after having fallen to the lowest levels since November 2016. Rather than draw inspiration from the week's big ticket events (Fed announcement and jobs report), the biggest source of inspiration was a flare-up in trade tensions following Trump's announcement of new tariffs on Chinese imports. Trade war drama flared over the weekend as China's central bank set the country's currency at the weakest levels in more than a decade.

What does Chinese currency have to do with US mortgage rates? Quite a lot, really! The outright level of Chinese Yuan versus the US dollar is not what's important here. Rather, it was the fact that such a move was directed by the Chinese government in an obvious retaliation to Trump's trade war escalation. In other words, if the US is going to raise tariffs, then China is going to cheapen its currency so the US will be able to keep buying Chinese goods. Simply put, this is **another major escalation of the trade war**. That's clearly negative for the global economy and economic weakness helps rates move lower.

Mortgage-backed securities (MBS)--the bonds that directly influence mortgage rates--have a hard time keeping up when financial markets are this volatile. Mortgage lenders also tend to proceed cautiously when dropping rates to multi-year lows in the midst of a these sorts of big market swings. That means mortgage rates haven't dropped nearly as quickly as Treasury yields, but they're nonetheless at the **lowest levels since November 2016** today.

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National Average Mortgage Rates



| | Rate | Change | Points |
|----------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 7.08% | -0.05 | 0.00 |
| 15 Yr. Fixed | 6.45% | -0.02 | 0.00 |
| 30 Yr. FHA | 6.55% | -0.05 | 0.00 |
| 30 Yr. Jumbo | 7.25% | -0.04 | 0.00 |
| 5/1 ARM | 7.07% | -0.03 | 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: 7/3

MBS and Treasury Market Data

| | Price / Yield | Change |
|----------------|---------------|---------|
| MBS UMBS 6.0 | 100.39 | +0.19 |
| MBS GNMA 6.0 | 100.53 | +0.14 |
| 10 YR Treasury | 4.3655 | +0.0053 |
| 30 YR Treasury | 4.5382 | +0.0085 |

Pricing as of: 7/4 9:55PM 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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