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Lowest Rates Since November 2016

Mortgage rates hit their **lowest levels** since November 2016 late last week and they've proceeded to set a new long-term low each day since then. Today was no exception. That's fairly surprising at first glance, considering the underlying changes in the mortgage-backed securities (MBS) that most directly affect mortgage rates.

Typically, when I bring up MBS prices, it's to highlight a discrepancy between the movement in Treasury yields and mortgage rates. Many relatively savvy market-watchers and consumers mistakenly believe US Treasuries dictate mortgage rate movement when in fact, that's the job of MBS. It just so happens that MBS and Treasuries tend to move in lock-step. When they don't, we can see mortgage rates diverge from Treasury yields by small amounts.

Today, however, MBS indicated **higher** rates while Treasuries ended up **flat**. The **explanation** has to do with the 2nd of the two main caveats I like to bring up amid "rate vs market" discrepancies: timing. Mortgage lenders need to see big market moves sustained in order to adjust rate sheets to match. There was plenty of room left to catch up to yesterday's moves that today's weakness was scarcely enough to offset it. As for the weakness itself, that's another story for another day--one that has to do with how investors tend to shun MBS when rates drop as quickly as they have been. Thankfully, that trend only tends to last as long as markets are making unexpectedly big leaps from day to day. As soon as things calm down, MBS (and then mortgage rates) can close the gap).

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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	4.3665	+0.0063
30 YR Treasury	4.5392	+0.0095

Pricing as of: 7/4 9:51PM EST

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