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Mortgage Rates Surge Above 2-Year Highs

Mortgage rates spiked abruptly today, bringing them to the highest levels in **well over 2 years**. The average lender is now quoting conventional 30yr fixed rates of 4.25% on top tier scenarios with more than a few already up to 4.375%. You'd have to go back to the summer of 2014 to see a similar mortgage rate landscape.

(NOTE: Freddie Mac's widely-cited primary mortgage market survey, released today, showed a 0.05% increase week-over-week. That increase is actually fairly close to the true week-over-week increase, but only if you're using last Wednesday or Friday as your baseline. Freddie's baseline was Mon/Tue--shorter than normal due to the holiday week. Additionally, Freddie's survey doesn't capture today's rate spike, which was roughly 0.10%. The bottom line is that many borrowers will be seeing rates that are **.125-0.25% higher this week** versus the beginning of last week. By my calculations, if rates didn't change at all in the coming week, Freddie's next survey would likely be 0.08% higher.)

The situation is **all the more troubling** considering the fact that rates weren't too far above all-time lows less than a month ago. The pace of losses has only been seen **2 other times in the last 30 years** (in 1987 and 1996). For the record, 2013's taper tantrum resulted in a bigger rate spike than we're seeing currently, but it took more than twice as long to play out. There were no 4-week periods of time in 2013 that compare to rise in rates seen over the past 4 weeks. For those who recall the vicious rate spike at the end of 2010, the current pace is just a bit faster.

The higher rates go--the more the boundaries of past precedent are stretched, the more likely we are to see a rebound. The catch is that there's no way to know when that rebound will happen until it's underway. That makes floating **very dangerous**, and locking potentially **very frustrating** (because it's clearly the safer bet since the election, but increasingly runs the risk of being ill-timed).

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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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