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Mortgage Rates Edge to 2-Month Highs

Mortgage rates edged higher today, keeping alive a trend toward higher rates that began just over a week ago. While the overall amount of ground covered as a part of this move isn't necessarily alarming, it's significant because it brings us back to the highest levels since the end of May.

This uptrend is also significant because it marks the first breakout of a flat, narrow range that had been intact for more than a month. Breakouts that follow these flat, narrow ranges are thought to carry a bit of **extra momentum** compared to other jumps in rates.

All that to say that the pressure on rates in 2018 had taken a break in June and July, but now it **could be returning**. Whether or not it gets any worse this week may well be determined by the slate of economic data and events. There are several important economic reports and other big-ticket events on the calendar with the big jobs report on Friday and a Fed policy announcement on Wednesday.

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

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

change in economic fundamentals or geopolitical risk for the big 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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