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Rates Edge Back Toward Long-Term Highs

Mortgage rates failed to extend yesterday's modest improvement, moving modestly higher by the end of the day. This takes the average lender very close to the long-term highs seen on October 5th. Indeed, prospective borrowers shouldn't be surprised to see the highest rates since early 2011.

In and of itself, today wasn't too dramatic. We were already fairly close to these highs yesterday and, in general, have been holding in a fairly sideways pattern nearby for most of the month. As has been the case for more than 2 years, we are in a rising rate environment, and there's no compelling reason for an immediate change. That said, the higher rates go, the **harder** it will be for them to **continue** moving higher.

Additionally, when rates are historically high, we tend to see more "false starts" that look like the beginnings of a broader correction. While those starts may be "false" the first few times we see them, they would nonetheless provide some temporary relief for the housing market.

Today's Most Prevalent Rates

- 30YR FIXED - 5.0%
- FHA/VA - 4.5-4.75%
- 15 YEAR FIXED - 4.5%
- 5 YEAR ARMS - 4.25%-4.75% depending on the lender

Ongoing Lock/Float Considerations

- Rates continue coping with 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 (which certainly seems to be the case so far in 2018).
- While rates were able to recover and stay sideways in the summer months, September and October have seen a surge up to the highest levels in more than 7 years.
- Upward pressure can continue as long as economic growth and inflation continue running near long-term highs. Stay defensive (i.e. generally more lock-biased). It will take a big change in economic

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

fundamentals or geopolitical risk for the big picture to change. Such things tend to not happen as quickly as we'd like.

- *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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