



## Rich E. Blanchard

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## Mortgage Rates Drop to New 14-Month Lows

**Mortgage rates** dropped convincingly today, bringing them to new long-term lows. The average lender hasn't offered anything lower for more than a year (January 2018). The improvement came on a combination of news headlines, economic data, and the scheduled sale of US 10yr Treasury debt.

The news headlines in question pertain to Brexit. To oversimplify a complicated topic, there had been some hope for a compromise Brexit deal overnight. Such a deal would ease some concerns about uncertain market outcomes. That uncertainty has helped keep rates **lower**, so clearing it up meant **upward** pressure on rates. As the day progressed, however, the compromise deal fell apart, and rates moved lower accordingly.

Economic data also has an impact on rates. In this case, it was the Consumer Price Index (an inflation gauge) that was lower than expected. Low inflation is good for rates!

Finally, the 10yr Treasury auction is a good gauge of demand for bonds. Higher demand for bonds means lower rates. The results of the auction were **strong**, which led to bond market **improvement** in the afternoon. After a certain amount of bond gains, mortgage lenders will typically reissue their rates for the day (with better terms, as was the case this afternoon).

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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

## Expert Advice | Exceptional Service | Flawless Execution

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.

**Rich E. Blanchard**

