



## Rich E. Blanchard

Managing Director, RICH Home Loans LLC

NMLS: 492461

1550 Wewatta St., 2nd Floor Denver, CO 80202

Office: 720.619.9900

Mobile: 303.328.7047

Fax: 214.975.2874

[richblanchard@richhomeloans.com](mailto:richblanchard@richhomeloans.com)

[View My Website](#)

## Mortgage Rates Back to 3-Month Lows

**Mortgage rates dropped** to begin the holiday-shortened week as markets expressed a bit of panic over the coronavirus outbreak in China. This is similar to the SARS outbreak in 2003, which certainly had an impact on both stocks and bonds. While it's too soon to know if the new iteration of the disease will run a similar course, it's not too soon for markets to begin heading in that direction preemptively.

Specifically, fears surrounding the outbreak lead investors to expect commerce, in general, to take a hit. Sure, the average person may not change their daily routine because of Coronavirus, but many will (and have). A decrease in the level of commerce implies lower stock prices. Simultaneously, investors can seek safe havens for their money in the sovereign bond market (such as US Treasuries).

When investor demand for Treasuries increases, rates fall. The mortgage-backed securities (MBS) that underlie mortgage rates are an indirect beneficiary as they tend to follow Treasuries at times like this, even though the magnitude is typically lower.

This unexpected surge of bond-buying demand (again, higher demand for bonds = lower rates, all other things being equal) brought the average mortgage lender back in line with their lowest rate offerings since early October.

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## National Average Mortgage Rates



|                            | Rate  | Change | Points |
|----------------------------|-------|--------|--------|
| <b>Mortgage News Daily</b> |       |        |        |
| 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 | 4.3602        | -0.0724 |
| 30 YR Treasury | 4.5297        | -0.0761 |

Pricing as of: 7/3 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**

