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Mortgage Rates Struggling to Set New Records

Mortgage rates improved almost imperceptibly this morning compared to yesterday afternoon. With that, the average lender was just a hair below the previous all-time lows, but by an amount that's so small as to not really matter to the average mortgage borrower.

Perhaps **more importantly**, after a string of convincingly lower all-time lows, mortgage rates have been struggling to make additional improvements. This mirrors recent improvements in the Treasury market--the benchmark for fixed interest rates in the US. 10yr yields have moved progressively lower since mid-June, but have also struggled to break certain levels. In 10yr Treasuries, for example, 0.58% has been a key point of resistance. That was challenged today, but not convincingly broken (.579% currently).

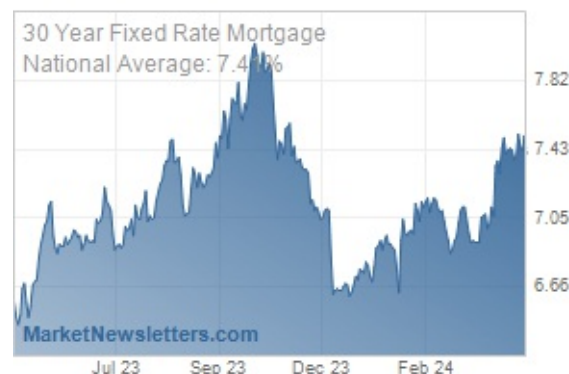
All this is in line with the gentle reminders I've handed out periodically in the recent weeks about there being a limit to current low rate trend. I'm **not** saying we've seen the absolute limit to how low rates can go, but we **are** seeing the first instance where that trend has clearly leveled off.

This makes sense from the **mortgage industry's standpoint** as well. If rates move much lower from here, lenders would see refinances among those who just got new loans a few months ago, and that's a costly turn of events for mortgage investors (who rely on borrowers keeping their loans for a certain number of months in order for those loans to be profitable).

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National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.41%	-0.10	0.00
15 Yr. Fixed	6.84%	-0.06	0.00
30 Yr. FHA	6.88%	-0.11	0.00
30 Yr. Jumbo	7.60%	-0.07	0.00
5/1 ARM	7.50%	-0.05	0.00

Freddie Mac

30 Yr. Fixed	7.17%	-0.27	0.00
15 Yr. Fixed	6.44%	-0.32	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/1

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.46	+0.40
MBS GNMA 6.0	100.48	+0.27
10 YR Treasury	4.6320	-0.0509
30 YR Treasury	4.7540	-0.0299

Pricing as of: 5/1 7:40PM 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.

Rich E. Blanchard

