MORTGAGE RATE WATCH

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Mortgage Rates Barely Budge Yet Again

This week's theme has undoubtedly been the extreme absence of volatility in the rate market. Whether we're looking at mortgage rates themselves or a broader rate benchmark such as 10yr Treasury yields, both are right in line with Monday afternoon's latest levels.

What's up with that?

The bond market (which dictates rates) requires a steady stream of motivation if it's going to inspire noticeable changes in rates. Sometimes several sources of motivation cancel each other out. Other times, the stream simply gets a bit dry, as is the case this week.

It won't stay dry though. By the end of next week, the market will have had a chance to digest several new, important economic reports. Those reports are always worth some potential market movement. In this case, we're even more likely to see a noticeable reaction simply because the flat conditions make traders that much more eager to identify (and react to) clues about the next move.

In nuts and bolts terms, the average lender remains in the mid 6% range for a top tier conventional 30yr fixed mortgage scenario. Be aware that "points" (or "discount points") currently buy a bigger drop in rate than normal. The average lender would earn the same income on a 6.625% rate as they would at 6.125% with one additional point (i.e. 1% of the loan amount paid upfront). That's roughly twice as much bang for the buck as a discount point normally has.

Stephen Moreno

Mortgage Consultant & Sales Mgr., Capital City Home Loans

www.cchl.com

P: (912) 638-3005

M: (229) 942-5570

621 Ocean Blvd
Saint Simons Island GA 31522
761190