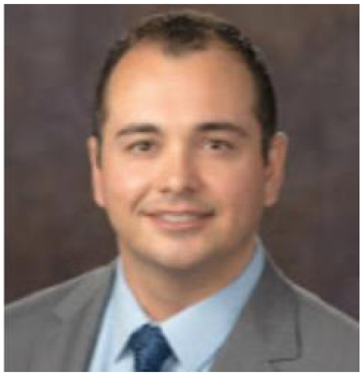
Mortgage Rates Hold Perfectly Steady at 2-Week Highs

The average top tier 30yr fixed mortgage rate hit its highest levels in 2 weeks yesterday. The caveat was that the range has been very narrow during these 2 weeks. As such, by remaining unchanged versus yesterday, today's rates are part of the same narrow range (6.15-6.20% for MND's index).

There were two relevant economic reports this morning as well as an update from the Treasury department regarding borrowing expectations. The latter is important for interest rates because the level of Treasury issuance is a primary ingredient in determining almost any consumer lending rate in the U.S.

Higher issuance would increase the supply of bonds. Higher bond supply would decrease the price of bonds. And when bond prices fall, rates move higher, all else equal. This morning's update kept issuance unchanged in the short term, but noted the probability of increased issuance in the next fiscal year. This put some upward pressure on rates early in the day, but a tame report on the services sector helped bonds find their footing.

Flat bonds = flat rates. The end.



John Knowles
Mortgage Banker & Broker, DCI Mortgage
www.dcimortgage.com
P: (408) 657-3780
M: (408) 657-3780
4100 Moorpark Ave ste 122
San Jose California 95117
257332