

Mortgage rates inch lower

by *Bend_Weekly_News_Sources*

Mortgage rates declined slightly this week, with the average conforming 30-year fixed mortgage rate now 6.32 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.34 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing slipped down to 5.98 percent. The average jumbo 30-year fixed rate jumped to 7.15 percent. Adjustable mortgage rates were mixed, with the average one-year ARM decreased to 6.04 percent, and the average 5/1 ARM rose to 6.19 percent.

Mortgage rates were little changed in the past week despite turbulence in financial markets and concerns about mortgage write downs. Fixed mortgage rates are closely related to yields on long-term government bonds, so typically when bond yields decline, mortgage rates follow suit. That relationship has been disrupted in the past couple weeks as investors place greater emphasis on risk-free Treasury securities and command higher returns on mortgage-backed bonds. This decoupling of government bonds and mortgage rates was evident when bond yields declined but mortgage barely budged.

Just three months ago, the average 30-year fixed mortgage rate was 6.68 percent, meaning that a \$200,000 loan would have carried a monthly payment of \$1,287.90. Now that the average conforming 30-year fixed rate is 6.32 percent, the same \$200,000 loan carries a monthly payment of \$1,240.55.

SURVEY RESULTS

30-year fixed: 6.32% -- down from 6.34% last week (avg. points: 0.34)

15-year fixed: 5.98% -- down from 6.04% last week (avg. points: 0.33)

5/1 ARM: 6.19% -- up from 6.18% last week (avg. points: 0.28)

Bankrate's national weekly mortgage survey is conducted each Wednesday from data provided by the top 10 banks and thrifts in the top 10 markets.

The survey is complemented by Bankrate's weekly forward-looking Rate Trend Index, in which a panel of mortgage experts predicts which way the rates are headed over the next 30 to 45 days. This week, less than one-fifth of the panelists believe mortgage rates will rise (16 percent). Another 25 percent predict a decline, and the remaining experts say that mortgage rates likely have hit a plateau for a while, with 59 percent expecting mortgage rates to remain unchanged over the next 30 to 45 days.

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