Mortgage rates rise after tepid jobs report

by Bend_Weekly_News_Sources

Fixed mortgage rates reversed course, with the average conforming 30-year fixed mortgage rate rebounding to 6.17 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.36 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing increased even more, to 5.89 percent. The average jumbo 30-year fixed rate jumped to 7.24 percent. Adjustable mortgage rates were higher across the board, with the average one-year ARM rising to 6.17 percent, and the average 5/1 ARM climbing to 6.29 percent.

Mortgage rates erased the previous week's decline after the November jobs report indicated that job growth is slowing, but not tanking. With bond yields priced for a worst-case employment report, the "not-as-bad-as-expected" report led Treasury yields and mortgage rates higher as traders unwound positions. Mortgage rates are closely related to yields on long-term government bonds. The uncertain path of the economy is bound to keep mortgage rates in flux, but rates have dropped notably since the summer. This attracts potential refinancers and prospective buyers that are eyeing both lower home prices and lower mortgage rates.

Fixed rate mortgages are currently the most attractive option for borrowers. Five months ago, the average 30-year fixed mortgage rate was 6.78 percent, meaning that a $200,000 loan would have carried a monthly payment of $1,301.19. Now that the average conforming 30-year fixed rate is 6.17 percent, the same $200,000 loan carries a monthly payment of $1,221.05.

SURVEY RESULTS
30-year fixed: 6.17% -- up from 6.00% last week (avg. points: 0.36)
15-year fixed: 5.89% -- up from 5.68% last week (avg. points: 0.34)

5/1 ARM: 6.29% -- up from 6.10% 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. The majority of panelists indicate it makes sense to lock now, with 64 percent predicting higher rates in the next month or so. The remaining respondents were evenly split, with 18 percent forecasting a decline and another 18 percent expecting rates to remain more or less unchanged in the coming 30 to 45 days.

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