

Mortgage rates lowest since Sept. 2005

by Bend_Weekly_News_Sources

Economic worries continue to lead to lower mortgage rates, with the average conforming 30-year fixed mortgage rate now 5.88 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.35 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing plummeted to 5.45 percent, and the average jumbo 30-year fixed rate sank to 7.03 percent. Adjustable mortgage rates were lower also, with the average one-year ARM dipping to 6.03 percent, and the average 5/1 ARM diving to 5.81 percent.

Mortgage rates have declined nearly one-half percentage point since Christmas as economic worries mount. This is the biggest two-week decline in mortgage rates since May 1995. While declining new home sales and weaker economic indicators got things started, a disappointing employment report added fuel to mortgage rates' decline. Worries about the economy typically prompt investors to park money in safe havens such as Treasury securities. Fixed mortgage rates are closely related to yields on long-term government bonds. While the focus on weaker economic growth and a possible recession have pushed mortgage rates lower, several Fed speeches and inflation releases loom in the next week that could halt the decline.

Fixed rate mortgages are currently the most attractive option for borrowers. Just two weeks ago, the average 30-year fixed mortgage rate was 6.31 percent, meaning that a \$200,000 loan would have carried a monthly payment of \$1,239.25. Now that the average conforming 30-year fixed rate is 5.88 percent, the same \$200,000 loan carries a monthly payment of \$1,183.71.

SURVEY RESULTS

30-year fixed: 5.88% -- down from 6.14% last week (avg. points: 0.35)

15-year fixed: 5.45% -- down from 5.76% last week (avg. points: 0.33)

5/1 ARM: 5.81% -- down from 6.14% last week (avg. points: 0.27)

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. Respondents are split, but with 47 percent of the vote, the most common response is that rates will increase from these low levels. Just one in three respondents feel mortgage rates could continue moving lower and the remaining 20 percent expect rates to remain more or less unchanged in the coming 30 to 45 days.

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