

A topsy-turvy week for mortgage rates

by *Bend_Weekly_News_Sources*

Fixed mortgage rates posted a slight decrease in a wild up-and-down 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 0.39 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing dipped to 5.79 percent, while the average jumbo 30-year fixed rate held at 7.43 percent. Adjustable mortgage rates were mixed, with the average one-year ARM sliding to 5.47 percent, and the average 5/1 ARM rising to 5.72 percent.

Although fixed mortgage rates posted a slight decline week-over-week, it was a real roller coaster ride along the way. The average 30-year fixed rate was 6.41 percent last week, and after falling near 6 percent on Feb. 29, came boomeranging back in the first few days of March. Rates for adjustable mortgages increased, narrowing the gap between fixed and adjustable rates that had expanded the four previous weeks.

The volatility in fixed mortgage rates can be pegged to economic uncertainty and worries about the health of bond insurers that guarantee payments to mortgage bond investors. A sharp stock market selloff to close out February helped push mortgage rates lower but that quickly gave way to renewed concerns among mortgage investors about the certainty of their income streams. The resulting higher risk premium has mortgage rates at a spread above risk-free Treasury notes that rivals the largest seen in 2002 and 1998, two periods of notable mortgage market volatility.

The mortgage rate winds can change direction quickly. Five weeks ago, the average 30-year fixed mortgage rate was 5.57 percent, meaning that a \$200,000 loan would have carried a monthly payment of \$1,144.38. 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 6.41% last week (avg. points: 0.39)

15-year fixed: 5.79% -- down from 5.87% last week (avg. points: 0.38)

5/1 ARM: 5.72% -- up from 5.68% last week (avg. points: 0.40)

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. More than half of the panelists, 54 percent, see mortgage rates moving higher in the weeks to come. The remainder are split, with just 18 percent expecting rates to decline and 28 percent saying mortgage rates will remain more or less unchanged in the coming 30 to 45 days.

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