

Mortgage rates remain at 3-month lows

by *Bend_Weekly_News_Sources*

A lack of definitive economic data helped keep mortgage rates at the lowest point since mid-December. Mortgage rates declined for the fourth time in the past five weeks, with the average 30-year fixed mortgage rate dropping to 6.19 percent. According to Bankrate.com's weekly national survey of large lenders, the 30-year fixed rate mortgages had an average of 0.3 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing was unchanged at 5.95 percent. On larger loans, the average jumbo 30-year fixed rate inched higher to 6.42 percent. Adjustable rate mortgages were mixed, with the average 5/1 ARM moving up to 6.04 percent and the average one-year ARM sliding to 5.94 percent.

Mortgage rates remained low on evidence of slower economic growth. Last week, the fourth quarter Gross Domestic Product was revised sharply lower. This week, both productivity and factory orders came in lower than forecast. Although a survey of the manufacturing sector was stronger than expected, the larger services sector slowed notably. The prospects for slower economic growth help buoy demand for Treasury securities, pushing bond prices higher and yields lower. Mortgage rates are closely related to yields on long-term government bonds.

Fixed mortgage rates are notably lower than last summer when the Fed last raised interest rates. At the time, the average 30-year fixed mortgage rate peaked at 6.93 percent, and a \$165,000 loan carried a monthly payment of \$1,090.00. With the average 30-year fixed rate now 6.19 percent, the same loan originated today would carry a monthly payment of \$1,009.50. Fixed mortgage rates are a compelling refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

SURVEY RESULTS30-year fixed: 6.19% -- down from 6.20% last week (avg. points: 0.30)15-year fixed: 5.95% -- unchanged from last week (avg. points: 0.28)5/1 ARM: 6.04% -- up from 6.03% last week (avg. points: 0.29)

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 respondents expect the good times to keep on rolling, with 62 percent expecting mortgage rates to fall further. Just 23 percent predict rates will rebound and the remaining 15 percent forecast that rates will remain unchanged in the coming 30 to 45 days.

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