

Mortgage rates give fed mixed reaction

by Bend_Weekly_News_Sources

Fixed mortgage rates moved higher following the Fed's stated concerns about inflation. The average 30-year fixed mortgage rate rose to 6.22 percent. According to Bankrate.com's weekly national survey of large lenders, the 30-year fixed rate mortgages had an average of 0.28 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing inched lower to 5.92 percent. On larger loans, the average jumbo 30-year fixed rate increased to 6.5 percent. Adjustable rate mortgages were lower, with the average 5/1 ARM dropping to 6.05 percent and the average one-year ARM sliding to 5.94 percent.

Fixed mortgage rates remain extraordinarily low even as many adjustable rate and other more exotic mortgages reset to higher levels. With inflation remaining above the Fed's comfort zone, fixed mortgage rates increased this week. Fixed mortgage rates are closely related to yields on long-term government bonds. But rates on adjustable mortgages dipped as consensus builds that the Fed could eventually cut interest rates. Rates for adjustable mortgage products are pegged to yields on shorter-term Treasury securities.

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 6.22 percent, the same loan originated today would carry a monthly payment of \$1,012.72. Fixed mortgage rates are a compelling refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

SURVEY RESULTS30-year fixed: 6.22% -- up from 6.19% last week (avg. points: 0.29)15-year fixed: 5.92% -- down from 5.93% last week (avg. points: 0.28)5/1 ARM: 6.05% -- down from 6.08% 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. The panelists are divided this week. Half of respondents expect rates to remain more or less unchanged. Among the other half, 29 percent predict rates will fall and 21 percent forecast a further increase in the next 30 to 45 days.

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