

Mortgage rates eke out an increase

by Bend_Weekly_News_Sources

Mortgage rates inched higher, with the average 30-year fixed mortgage rate rising to 6.29 percent. According to Bankrate.com's weekly national survey of large lenders, the 30-year fixed rate mortgages had an average of 0.24 discount and origination points.

The average 15-year fixed rate mortgage, popular for refinancing, remained at 6 percent. With larger loans, the average jumbo 30-year fixed rate was also unchanged at 6.54 percent. On adjustable rate mortgages, the average 5/1 ARM and the average one-year ARM were both modestly higher, rising to 6.16 percent and 6.05 percent, respectively.

Mortgage rates continue to fluctuate in a very narrow range. In recent weeks, watching the normally volatile mortgage rates has been like watching grass grow. The reason stems from the hands-off interest rate policy of the Fed. With little likelihood of a Fed rate change any time soon, a view reinforced by the May 9 FOMC statement, yields on longer-term Treasury securities have been remarkably docile. 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 6.29 percent, the same loan originated today would carry a monthly payment of \$1,020.23. Fixed mortgage rates are a compelling refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

SURVEY RESULTS

30-year fixed: 6.29% -- up from 6.28% last week (avg. points: 0.24)

15-year fixed: 6.00% -- unchanged from last week (avg. points: 0.26)

5/1 ARM: 6.16% -- up from 6.13% 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.

For a full analysis of this week's move in mortgage rates, go to <http://www.bankrate.com/mortgagerates>

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 forecast calls for mortgage rate stability, with 80 percent of respondents expecting rates to remain unchanged. The remaining 20 percent were evenly split between predicting an increase and those saying rates will fall.

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