

Mortgage rates stay rangebound

by *Bend_Weekly_News_Sources*

Mortgage rates increased slightly this week, with the average 30-year fixed mortgage rate rising to 6.32 percent. According to Bankrate.com's weekly national survey of large lenders, the 30-year fixed rate mortgages had an average of 0.26 discount and origination points.

The average 15-year fixed rate mortgage, popular for refinancing, rose to 6.05 percent. With larger loans, the average jumbo 30-year fixed rate nudged higher to 6.56 percent. On adjustable rate mortgages, the average 5/1 ARM jumped up to 6.24 percent while the average one-year ARM held at 6.05 percent. The average 30-year fixed mortgage rate is at the same point where it rested on Valentine's Day, at 6.32 percent. In the three months since, mortgage rates have remained in a very narrow range owing to a static interest rate environment. Even the release of several inflation indicators, plus the latest data on retail sales, the housing market, and a Federal Open Market Committee meeting in the past seven days barely fazed mortgage rates and Treasury yields. 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 6.32 percent, the same loan originated today would carry a monthly payment of \$1,023.46. Fixed mortgage rates are a compelling refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

SURVEY RESULTS

30-year fixed: 6.32% -- up from 6.29% last week (avg. points: 0.26)

15-year fixed: 6.05% -- up from 6% last week (avg. points: 0.27)

5/1 ARM: 6.24% -- up from 6.16% last week (avg. points: 0.26)

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. There was a slight swing in this week's polling, with 46 percent predicting that rates will rise. Thirty-one percent forecast mortgage rate stability, with 23 percent expecting rates to decline in the next 30 to 45 days.

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