

Mortgage rates bound higher

by Bend_Weekly_News_Sources

Mortgage rates increased for the sixth consecutive week, with the average 30-year fixed mortgage rate hitting a 10-month high of 6.61 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.26 discount and origination points.

The average 15-year fixed rate mortgage, popular for refinancing, increased by a similar amount, to 6.33 percent. With larger loans, the average jumbo 30-year fixed rate climbed to 6.86 percent. Even adjustable rate mortgages were in on the act, with the average one-year ARM rising to 6.17 percent and the 5/1 ARM jumping to 6.52 percent.

Mortgage rates continue to climb as strong economic data and the words of Fed Chairman Ben Bernanke made it clear that lower interest rates are not in the forecast. A strong employment report, coupled with upbeat readings on both the manufacturing and service sectors showed the economy isn't in need of an interest rate cut and were enough to raise inflation concerns. Chairman Bernanke reiterated that inflation remains the Fed's primary focus. As a result, yields on 10-year Treasury notes approached the 5 percent mark, taking mortgage rates higher as well. Mortgage rates are closely related to yields on long-term government bonds.

Fixed mortgage rates have increased nearly one-half percentage point since mid-March. At the time, the average 30-year fixed mortgage rate dipped to 6.16 percent, meaning that a \$165,000 loan would have carried a monthly payment of \$1,006.30. With the average 30-year fixed rate now 6.61 percent, the same loan originated today would carry a monthly payment of \$1,054.88. Fixed mortgage rates still remain a compelling refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

SURVEY RESULTS

30-year fixed: 6.61% -- up from 6.47% last week (avg. points: 0.26)

15-year fixed: 6.33% -- up from 6.21% last week (avg. points: 0.25)

5/1 ARM: 6.52% -- up from 6.37% last week (avg. points: 0.25)

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.

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