

## Mortgage rates jump on interest rate fears

by Bend\_Weekly\_News\_Sources

Mortgage rates climbed to an 11-month high, with the average 30-year fixed mortgage rate hitting a 10-month high of 6.84 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.27 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing increased by a similar amount, to 6.53 percent. With larger loans, the average jumbo 30-year fixed rate soared to 7.12 percent. Adjustable rate mortgages were no different, with the average one-year ARM nosing higher to 6.19 percent and the 5/1 ARM bounding up to 6.67 percent.

Mortgage rates staged a significant increase over the past week, and it came in the absence of any major economic data. Instead, rising interest rates overseas proved to be the catalyst, even though the Federal Reserve stands pat here at home. Higher interest rates and strong economic growth in other parts of the world could force Uncle Sam to pay higher yields to attract funds from foreign investors. For now, the yield on ten-year Treasury notes is very close to the 5.25 percent fed funds rate set by the Federal Reserve, reflecting the expectation of a hands-off Fed. Mortgage rates are closely related to yields on long-term government bonds.

Fixed mortgage rates have increased more than one-half percentage point since mid-May. At the time, the average 30-year fixed mortgage rate was 6.32 percent, meaning that a \$165,000 loan would have carried a monthly payment of \$1,023.46. With the average 30-year fixed rate now 6.84 percent, the same loan originated today would carry a monthly payment of \$1,080.08. Fixed mortgage rates still remain the better refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

### SURVEY RESULTS

30-year fixed: 6.84% -- up from 6.61% last week (avg. points: 0.27)

15-year fixed: 6.53% -- up from 6.33% last week (avg. points: 0.27)

5/1 ARM: 6.67% -- up from 6.52% 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. This week, 42 percent of the panelists believe mortgage rates will rise further. An equal number think rates will remain relatively unchanged, and the rest believe rates will fall in the coming 30 to 45 days.

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