

## Mortgage rates slide back

by *Bend\_Weekly\_News\_Sources*

Mortgage rates broke a 7-week streak of increases, with the average 30-year fixed mortgage rate falling back to 6.76 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, dropped by an equal amount, to 6.45 percent. With larger loans, the average jumbo 30-year fixed rate dipped back below the 7 percent mark to 6.99 percent. Adjustable rate mortgages were no different, with the average one-year ARM inching lower to 6.18 percent and the 5/1 ARM sinking to 6.58 percent.

After rising significantly in the preceding three weeks, mortgage rates responded to signs that core inflation was moderating as the Fed has forecast. The core Consumer Price Index announced on June 15 came in lower than expected, and showed a decline over the trailing 12 months. Any indication that inflation is less of a threat is good news to bond investors that fear its erosive effects on the purchasing power of a bond's fixed payments. The resulting increase in bond prices pushed both bond yields and mortgage rates lower. Mortgage rates are closely related to yields on long-term government bonds.

Fixed mortgage rates remain nearly one-half percentage point higher than at the beginning of May. At the time, the average 30-year fixed mortgage rate was 6.28 percent, meaning that a \$165,000 loan would have carried a monthly payment of \$1,019.16. With the average 30-year fixed rate now 6.76 percent, the same loan originated today would carry a monthly payment of \$1,071.28. Fixed mortgage rates still remain the better refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

### SURVEY RESULTS

30-year fixed: 6.76% -- down from 6.84% last week (avg. points: 0.27)

15-year fixed: 6.45% -- down from 6.53% last week (avg. points: 0.25)

5/1 ARM: 6.58% -- down from 6.67% 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. The risk of higher rates has passed, according to the panelists. Just more than half, 53 percent, predict mortgage rates will fall, while 47 percent expect rates to remain about the same in the coming 30 to 45 days.

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