

Mortgage rates in a holding pattern

by *Bend_Weekly_News_Sources*

Mortgage rates barely budged this week, with the average conforming 30-year fixed mortgage rate now 6.49 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.35 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing inched lower by the same amount, to 6.17 percent. The average jumbo 30-year fixed rate dipped to 7.24 percent. Adjustable mortgage rates declined as well, with the average one-year ARM down to 6.13 percent, and the average 5/1 ARM falling to 6.26 percent.

Mortgage rates held steady over the past week despite speeches from Fed Chairman Ben Bernanke and Treasury Secretary Paulson about the economic effects of the slumping housing market. The remarks by the two financial heavyweights produced little movement in Treasury yields. Fixed mortgage rates are closely related to the yields on long-term government bonds. There is no clear consensus as to what the Federal Open Market Committee will do with short-term interest rates at their next meeting Oct. 30-31, and that is keeping mortgage rates in a holding pattern. There is little market-moving economic data on tap before the Fed meeting at month-end, so conditions in financial markets will remain under the microscope and may guide expectations for the FOMC meeting.

Fixed mortgage rates remain the most attractive option for borrowers. Just three months ago, the average 30-year fixed mortgage rate was 6.82 percent, meaning that a \$200,000 loan would have carried a monthly payment of \$1,306.52. Now that the average conforming 30-year fixed rate is 6.49 percent, the same \$200,000 loan carries a monthly payment of \$1,262.82.

SURVEY RESULTS

30-year fixed: 6.49% -- down from 6.50% last week (avg. points: 0.35)

15-year fixed: 6.17% -- down from 6.18% last week (avg. points: 0.33)

5/1 ARM: 6.26% -- down from 6.37% last week (avg. points: 0.36)

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, two-thirds of the panelists believe mortgage rates will remain relatively unchanged over the next 30 to 45 days. The remaining one-third of respondents are evenly split between forecasting a decline and predicting a rebound in mortgage rates over the coming weeks.

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