MORTGAGE News Daily

DAILY RATE UPDATE

30 Year Fixed	15 Year Fixed	10YR Treasury	FNMA 30YR 3.5	FNMA 15YR 2.5	View Today's Rates
3.57% +0.00	2.90% +0.00	1.96% -0.0071	105.61 -0.06	105.19 -0.08	

Mortgage Rates Sideways to Slightly Higher

February 7, 2013

Mortgage rates **began the day in decent territory,** with most lenders unchanged to slightly lower in cost vs yesterday. Trading in Mortgage-backed-securities, which had already pulled back from their better levels late in the morning, took a sharper turn for the worse in the afternoon, prompting several lenders to recall rate sheets for a negative reprice. While the changes don't impact the prevailing best-execution rate of 3.625%, they do make for slightly higher borrowing costs on average. That said, we'd emphasize that some lenders are still priced in the same (or even marginally better) territory as yesterday.

(*What is A Best-Execution Mortgage Rate?*)

The minute to minute market gyrations mentioned above are **small potatoes** when it comes to the bigger-picture interest rates landscape. For weeks now, we've been stuck at the 3.625% best-execution level with plenty of lenders still able to offer lower rates for an additional cost. The initial bothersome feeling of moving from 3.5 to 3.625 has passed, and it's been replaced by a new bothersome feeling of indecision. The near term future of the rates environment is uncertain in a new kind of way.

Specifically, we've seen underlying markets give a few hints that we might hope to hold ground here against further deterioration, as opposed to most of January where we were **clearly trending toward higher rates/costs**. This "maybe" makes it tempting to float one's rate in the hopes that the ceiling further materializes, but until we spend more time sideways (or even bouncing back lower) the recent, longer-term shift toward higher rates must be assumed to be intact. We'd continue to stay defensive against that, looking for opportunities to lock vs justification to float.

Loan Originator Perspectives

"As we'd hoped, yesterday's gains carried over to today with small gains in the costs I can pay for my clients. Markets are weaker in the afternoon, but only a few lenders have recalled rates so far. I just priced an FHA, and paying all my customer's costs, I could

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Today's Rates

Best Execution	Rate	Change
30 Yr FRM	3.57%	+0.00
15 Yr FRM	2.90%	+0.00
FHA 30 Year Fixed	3.29%	-0.01
Jumbo 30 Year Fixed	3.77%	+0.01
5/1 Yr ARM	3.02%	+0.01

Current Mortgage Rates »

What are best-execution rates?

Average Mortgage Rates

	Rate	Points	Change
FHFA *			
15 Yr. Fixed	2.70%	1.16	-0.11
30 Yr. Fixed	3.47%	1.29	-0.07
MBA **			
30 Yr. Fixed	3.73%	0.43	+0.06
15 Yr. Fixed	3.00%	0.33	+0.05
30 Yr. Jumbo	3.96%	0.38	+0.01
30 Yr. FHA	3.53%	0.38	+0.05
5/1 ARM	2.72%	0.30	+0.12
Freddie Mac **			
30 Yr. Fixed	3.53%	0.80	+0.00
15 Yr. Fixed	2.77%	0.70	-0.04
1 Yr. ARM	2.53%	0.40	-0.06
5/1 Yr. ARM	2.63%	0.60	-0.07

still drop his rate by 1.25%! Gotta love that!" -**Ted Rood, Senior Originator, Wintrust Mortgage**.

"Remember that movie Sideways about a tortured soul who can only find solace at the bottom of a wine bottle? That's what this past week has been like in rate markets: extreme volatility leading to rate spikes then corrections. Torturous for rate shoppers indeed. Still, we're caught in this sideways range that's about .375% higher than when the year began, and there are no definitive technical signals to suggest rates will drop from here. So rate shoppers are well served to lock on days like today when we're recovering from one of the daily spikes." -**Julian Hebron, Branch Manager, RPM Mortgage**.

Today's Best-Execution Rates

- 30YR FIXED - 3.625%
- FHA/VA - 3.25% - 3.5% (varies more between lenders than conventional 30yr Fixed)
- 15 YEAR FIXED - 2.875%- 3.00%
- 5 YEAR ARMS - 2.625-3.25% depending on the lender

Ongoing Lock/Float Considerations

- Rates have risen moderately from their all-time lows, making for relatively increased reward for floating at the expense of greater risks of loss.
- Rates could easily move higher or lower, and unscheduled, unexpected events can ultimately have the most say in the direction.
- Near term risks in 2013 include the upcoming debt-ceiling debate in Washington as well as the Fed's policy outlook regarding securities purchases.
- Prospects For Extending The Debt Ceiling Deadline currently seem to be preventing a move back down in rate. Passage of such legislation could further support a rising rate environment.
- (As always, please keep in mind that our talk of Best-Execution always pertains to a completely ideal scenario. There can be all sorts of reasons that your quoted rate would not be the same as our average rates, and in those cases, assuming you're following along on a day to day basis, simply use the Best-Ex levels we quote as a baseline to track potential movement in your quoted rate).

30 Year Fixed Rate Mortgage

Current Mortgage Rates »

* FHFA averages are updated monthly.
** Mortgage Bankers Association (each Wednesday) and Freddie Mac (each Thursday) averages are updated weekly.

Secondary Markets

MBS	Price	Change
30YR FNMA 3.0	103.34	-0.11
30YR FNMA 3.5	105.61	-0.06
30YR GNMA 3.0	104.42	-0.14
30YR GNMA 3.5	107.66	-0.03
15YR FNMA 3.0	105.19	-0.08
15YR FNMA 2.5	103.69	-0.13

Treasuries	Yield	Change
2 YR	0.2500%	-0.0039
5 YR	0.8268%	-0.0097
10 YR	1.9568%	-0.0071
30 YR	3.1729%	+0.0026

Prices as of: 2/7/2013 4:32PM EST

Current MBS / Treasury Prices »

MBS and Treasury data provided by Thomson Reuters.

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15 Year Fixed Rate Mortgage

About This Report

Mortgage News Daily is a trusted source of mortgage rate market data and analysis, with over 1 million readers each month. Unlike many rate surveys, our survey is conducted on a daily basis and is designed to bring you **the most current and accurate rate data available**. We use a **proprietary formula** to calculate averages based on best-execution rates from top lender's rate sheets, also taking into account feedback from hundreds of mortgage market professionals around the country.

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