MORTGAGE News Daily

WEEKLY MORTGAGE RATE REPORT

30 Year Fixed	15 Year Fixed	10YR Treasury	FNMA 30YR 3.5	FNMA 15YR 2.5	View Today's Rates
3.41% +0.02	2.76% +0.01	1.72% +0.0207	106.44 -0.09	105.39 -0.02	

Mortgage Rates Move Higher After FOMC Announcement

December 13, 2012

Market Summary

After moving higher at the quickest pace in two weeks following Friday's jobs report, mortgage rates entered a sideways holding pattern ahead of Wednesday's **FOMC Announcement**. The Fed made drastic changes to its policy statement, moving away from specifying a calendar target for low Fed Funds Rates, and instead **adopting thresholds in unemployment and inflation** metrics. Bond markets sold off following the announcement and MBS (the "Mortgage-Backed-Securities" that most directly influence rates) hit their lowest levels since November 26th.

The Best-Execution rate for 30yr fixed, conventional loans (the most efficient combination of rate and closing cost) continued to hover between 3.25% and 3.375% for most of the survey period but moved more decisively to 3.375% by Thursday. Many borrowers would have seen their quoted rate edge up an eighth of a point from last week. In terms of discount points and/or origination, borrowing costs on the same interest rate rose by just over half a point on average.

"Rates moved nominally higher this week but **aren't far from their all-time lows** in the big picture." explains **Matthew Graham**, Rates Strategist at Mortgage News Daily. "Following the FOMC, the moves higher in rates have been plodding rather than abrupt. If markets moved the same amount, but in the opposite direction this week, we'd be sitting right at all-time lows. That's how close we are."

Despite the historically low rates, Graham notes that huge moves are unlikely in the near term. "Although we did get some of the volatility we expected on Wednesday, the Fiscal Cliff and other year-end considerations should continue to keep the rate range compressed, even if not immune from movement. It's also worth noting that different lenders have different pricing strategies into year-end. Some will be more conservative than others."

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Today's Rates

Best Execution	Rate	Change
30 Yr FRM	3.41%	+0.02
15 Yr FRM	2.76%	+0.01
FHA 30 Year Fixed	3.25%	+0.00
Jumbo 30 Year Fixed	3.62%	+0.03
5/1 Yr ARM	2.98%	-0.02

Current Mortgage Rates »

What are best-execution rates?

Average Mortgage Rates

	Rate	Points	Change
FHFA *			
15 Yr. Fixed	2.91%	0.89	-0.12
30 Yr. Fixed	3.62%	1.22	-0.14
MBA **			
30 Yr. Fixed	3.47%	0.36	-0.05
15 Yr. Fixed	2.85%	0.26	-0.01
30 Yr. Jumbo	3.77%	0.35	-0.02
30 Yr. FHA	3.32%	0.51	-0.02
5/1 ARM	2.63%	0.34	+0.01
Freddie Mac **			
30 Yr. Fixed	3.32%	0.70	-0.02
15 Yr. Fixed	2.66%	0.60	-0.01
1 Yr. ARM	2.53%	0.50	-0.02
5/1 Yr. ARM	2.70%	0.60	+0.01

30 Year Fixed Rate Mortgage

Week in Review

Rates shown below are based on the 30 Year Fixed Rate Mortgage

Beginning Average:	3.35%
Ending Average:	3.39%
Weekly Change:	+0.04%
Yearly Change:	-0.52%

Thursday, December 6, 2012 : 3.35% (+0.00%)

Mortgage rates were completely flat versus yesterday's offerings to begin the day but several lenders recalled rate sheets for negative revisions as markets deteriorated in the afternoon. MBS Prices (the "mortgage-backed-securities" that most directly influence mortgage rates) were in modestly positive territory for most of the day, but fell abruptly in the afternoon. When MBS prices move lower, it can prompt lenders to adjust rate sheet pricing lower as well, effectively raising interest rates. That said, the actual interest rate quoted for any given scenario isn't likely to have changed between yesterday and today, with the main difference being seen in slightly higher closing costs (or lower lender credit). Conventional 30yr Fixed Best-Execution rates remain in transit between 3.375% and 3.25%.

More detail: "Mortgage Rates Start Flat, Move Higher Into Afternoon "

Friday, December 7, 2012 : 3.38% (+0.03%)

Mortgage rates moved higher at their fastest pace in over two weeks following Friday's Employment Situation Report. In a historical context, the losses were moderate as the range of available rates continues to be uncommonly narrow. Additionally, many lenders repriced to higher levels with yesterday afternoon's weakness, and in those cases, the day-over-day damage is less severe. The most prevalent and efficient rate quote for an ideal scenario was in the process of edging down to 3.25% for 30yr Fixed, Conventional Loans before yesterday's weakness. Since then, 3.375% has crept

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	104.63	-0.11
30YR FNMA 3.5	106.44	-0.09
30YR GNMA 3.0	106.05	-0.14
30YR GNMA 3.5	108.44	-0.08
15YR FNMA 3.0	105.39	-0.02
15YR FNMA 2.5	104.34	-0.03

Treasuries	Yield	Change
2 YR	0.2460%	+0.0000
5 YR	0.6860%	+0.0322
10 YR	1.7247%	+0.0207
30 YR	2.9038%	+0.0056

Prices as of: 12/13/2012 2:46PM EST

Current MBS / Treasury Prices »

MBS and Treasury data provided by Thomson Reuters.

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back into the picture as a Best-Execution rate, but 3.25% is still viable depending on the lender and scenario.

More detail: "Mortgage Rates Rise Following Employment Situation Report"

Monday, December 10, 2012 : 3.37% (-0.01%)

Mortgage rates are very slightly lower today compared to Friday's latest offerings. There was no relevant economic data to motivate market movements and only a few headlines regarding the Fiscal Cliff that seemed to catch anyone's attention. In general, markets are waiting for more important news, both in a general sense regarding the Fiscal Cliff as well as specific news on Wednesday afternoon which brings the Fed's policy announcement.

More detail: "Mortgage Rates Hold Ground After Rising On Friday"

Tuesday, December 11, 2012 : 3.38% (+0.01%)

Mortgage rates are little changed from Monday. Some lenders' rate sheets are slightly improved versus yesterday's, but a majority offered just slightly weaker rates. Today's political and economic events in the US were of little consequence to bond markets, including the secondary mortgage market. Instead, interest rates were broadly higher right out of the gate due to overnight pressure from positive developments in Europe. That said, and to reiterate, the overall movement was quite small and markets generally maintain a tight, sideways stance ahead of tomorrow's FOMC Announcement. Best Execution remains between 3.375% and 3.25% depending on the lender and scenario.

More detail: "Mortgage Rates Unchanged To Slightly Higher Before Fed Announcement"

Wednesday, December 12, 2012 : 3.39% (+0.01%)

Mortgage rates are higher on average after today's monetary policy announcement from the Federal Reserve. Some lenders adjusted rates higher in the afternoon while others remain on their first rate sheet of the day. That has made for a bit of stratification in rate offerings between lenders and depending where one looks, rates might not be much different from yesterday (and in rarer cases are in better territory). Best-Execution remains split between 3.25% and 3.375%.

More detail: "Mortgage Rates Move Higher Following Fed Announcement"

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