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
3.55% +0.07	2.88% +0.07	1.95% +0.0909	105.56 -0.36	105.00 -0.23	

Mortgage Rates Hit 4-Month Highs, More Volatility Ahead

January 25, 2013

Market Summary

Last week's crop of economic data on Thursday sent **mortgage rates** noticeably higher. Still, this marked one of the few major jolts higher for rates since January began with volatility surrounding the Fiscal Cliff deal and positive employment data. Thursday's fast –paced moves continued to look like an outlying event, with rates not moving much—and even recovering slightly—**until** the following Thursday.

For the second straight week, the **Jobless Claims data** was much stronger than expected. "With another FOMC Announcement looming next week, not to mention the big jobs report on Friday, markets may be extra defensive about employment data," explains **Matthew Graham**, Rates Strategist at Mortgage News Daily. "The Fed policy statement currently includes employment thresholds, leaving nothing to doubt as to labor markets being a lynchpin for policy changes. If markets think that employment will continue to improve, they'll view the Fed as less likely to continue Quantitative Easing, which is a major driver of low mortgage rates."

But Graham says the **bigger issue for mortgage rates** came with Friday morning's news out of **Europe**. "In late 2011 the ECB aggressively handed out cheap, 3yr loans to 523 banks. Friday was the first update on repayment and it was much better than markets had been expecting. A majority of the banks were taking part and the €137 bln tally was outside the already wide range of expectations," says Graham. "This was an acid test of the short-term funding stability in the Euro-zone, something that's at the heart of push to all-time low rates in 2012. Combined with the recently stronger employment data and rates markets are understandably spooked heading into next week's big Jobs report and FOMC Announcement. Things will likely be **volatile** whether or not the data is friendly."

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Today's Rates

Best Execution	Rate	Change
30 Yr FRM	3.55%	+0.07
15 Yr FRM	2.88%	+0.07
FHA 30 Year Fixed	3.28%	+0.03
Jumbo 30 Year Fixed	3.76%	+0.08
5/1 Yr ARM	3.04%	+0.05

Current Mortgage Rates »

What are best-execution rates?

Average Mortgage Rates

	Rate	Points	Change
FHFA *			
15 Yr. Fixed	2.81%	1.00	-0.10
30 Yr. Fixed	3.54%	1.24	-0.08
MBA **			
30 Yr. Fixed	3.62%	0.43	+0.01
15 Yr. Fixed	2.87%	0.39	-0.01
30 Yr. Jumbo	3.85%	0.34	-0.03
30 Yr. FHA	3.40%	0.53	+0.01
5/1 ARM	2.61%	0.32	-0.05
Freddie Mac **			
30 Yr. Fixed	3.42%	0.70	+0.04
15 Yr. Fixed	2.71%	0.70	+0.05
1 Yr. ARM	2.57%	0.50	+0.00
5/1 Yr. ARM	2.67%	0.50	+0.00

30 Year Fixed Rate Mortgage

Week in Review

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

Beginning Average:	3.50%
Ending Average:	3.55%
Weekly Change:	+0.05%
Yearly Change:	-0.40%

Friday, January 18, 2013 : 3.50% (+0.00%)

Mortgage rates were completely unchanged on Friday standing in stark contrast to Thursday's sharp move higher. While there were several lenders whose rate sheets were marginally changed vs yesterday's, most were strikingly similar. A handful of lenders issued positive reprices in the afternoon, but Thursday's damage was done and Best-Execution on 30yr Fixed, Conventional loans remained at 3.5%.

More detail: "Mortgage Rates Unchanged After Thursday's Rout"

Tuesday, January 22, 2013 : 3.49% (-0.01%)

Mortgage rates were mixed, leaning toward slightly improved to begin the holiday-shortened week. Several lenders' rate sheets were slightly worse than Friday's while a majority were unchanged to slightly better. A worse-than-expected report on Existing Home Sales helped interest rates hold their ground. Despite the moderate improvement overall, it hasn't been enough to affect the Best-Execution levels for 30yr Fixed, Conventional loans, which continue to hover near 3.5% since Thursday.

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	103.47	-0.61
30YR FNMA 3.5	105.56	-0.36
30YR GNMA 3.0	104.45	-0.63
30YR GNMA 3.5	107.53	-0.38
15YR FNMA 3.0	105.00	-0.23
15YR FNMA 2.5	103.67	-0.31

Treasuries	Yield	Change
2 YR	0.2759%	+0.0332
5 YR	0.8474%	+0.0796
10 YR	1.9451%	+0.0909
30 YR	3.1282%	+0.0801

Prices as of: 1/25/2013 4:30PM EST

Current MBS / Treasury Prices »

MBS and Treasury data provided by Thomson Reuters.

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More detail: "Mortgage Rates Vary By Lender, Stubbornly Flat Overall"

Wednesday, January 23, 2013 : 3.46% (-0.03%)

Mortgage rates were more unified in their improvements today after beginning the week rather equivocally on Tuesday. Most lenders offered improved interest rates or reduced costs (or increased lender credit) for the same rates available yesterday. Additionally, several large lenders offered bigger-than-average improvements, doing more to affect the average day-over-day change. In fact, 3.375% is edging back into the frame of reference as a Best-Execution rate for 30yr Fixed, Conventional loans, though 3.5% remains the most prevalent.

More detail: "Mortgage Rates Improve At Slightly Faster Pace "

Thursday, January 24, 2013 : 3.48% (+0.02%)

Mortgage rates bounced back from a few days of moderate improvements today. Lenders typically don't release their first rate sheets of the day until a few hours of the trading session have passed. If rates sheets would have arrived before this morning's economic data, rates likely would have logged slight incremental improvements. But today's Jobless Claims report showed far fewer Americans filed for unemployment benefits this week, sending bond markets into weaker territory before most lenders issued today's rates. This resulted in most lenders moving noticeably, but not catastrophically higher in terms of borrowing costs, while Best-Execution levels remained unchanged at 3.5% (some availability at 3.375%).

More detail: "Mortgage Rates Move Higher After Strong Employment Data"

Friday, January 25, 2013 : 3.55% (+0.07%)

Mortgage rates skyrocketed to their highest levels since August on Friday, both as a part of an ongoing move higher that began yesterday and more specifically in reaction to overnight events in Europe. Strong economic data in Germany sent interest rates initially higher overnight, but the bigger surge followed an ECB announcement detailing the 278 of 523 European banks that had already begun paying back 3-year loans made by the ECB in late 2011. MBS (the mortgage-backed securities that most directly influence rates) opened in much weaker territory and continued to sell-off throughout the day.

More detail: "Mortgage Rates Hit Highest Levels In Months, More Volatility Ahead"

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