



Jay Rodriguez

Independent Mortgage Advisor, Arbor Financial Group
NMLS# 902610 DRE# 02092450
13809 Research Boulevard STE 568 Austin, Texas 78750

Office: 512-549-4568
Mobile: 949-606-2410
Fax: 888-337-3040
jay@rodriguez.team
[View My Website](#)

Don't Believe Everything You Read About Mortgage Rates

Every Thursday, Freddie Mac releases its weekly mortgage rate survey. It's subsequently used as an authoritative primary source for most major media outlets. That's not **usually** a problem, but this week could be an exception.

First thing's first: over time, Freddie's weekly rate survey (officially, the "Primary Mortgage Market Survey") is **incredibly accurate**. For broad, analytical purposes, it does a perfect job of conveying bigger-picture mortgage rate movement. That's great for market analysts who are studying long-term trends, but the data runs the risk of being stale if you have timely needs.

Naturally, consumers who click on news stories about mortgage rates tend to have timely needs! Fortunately, Freddie's numbers **won't appear** stale if markets are calm.

Unfortunately, markets have been **anything but calm** for the past few weeks, causing Freddie's numbers to lag interest rate reality. The problem is compounded by the fact that Freddie's survey responses only come in during the first 3 days of the week (Thursday and Friday are never counted).

Last Thursday, Freddie reported rates as "unchanged," whereas actual rates rose at their **fastest weekly pace since November 2015!** As such, we would be justified in expecting a sharp increase in this week's Freddie survey. Instead, it rose by a modest 0.05%! That's only about a quarter of the actual move from the recent lows.

While the smaller-than-expected increase in Freddie's survey numbers is likely a **byproduct of the 3-day weekend**, that's of little help to consumers who are seeing one thing in the news and then being told another by their mortgage professional. Rest-assured, as of Wednesday, rates were the highest they've been in more than 4 months.

National Average Mortgage Rates



Mortgage News Daily

	Rate	Change	Points
30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	0.00

Freddie Mac

	Rate	Change	Points
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00

Rates as of: 7/22

Market Data

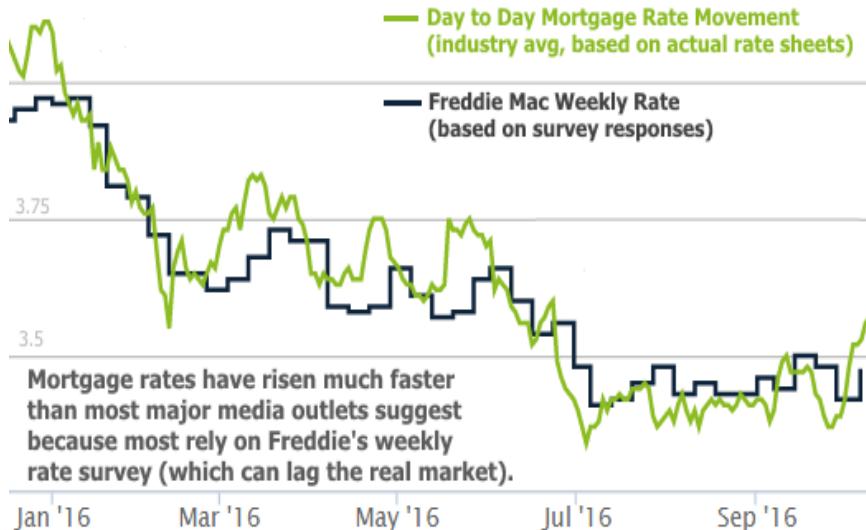
	Price / Yield	Change
MBS UMBS 5.5	99.47	+0.08
MBS GNMA 5.5	99.84	+0.07
10 YR Treasury	4.2286	-0.0239
30 YR Treasury	4.4547	-0.0178

Pricing as of: 7/23 10:54AM EST

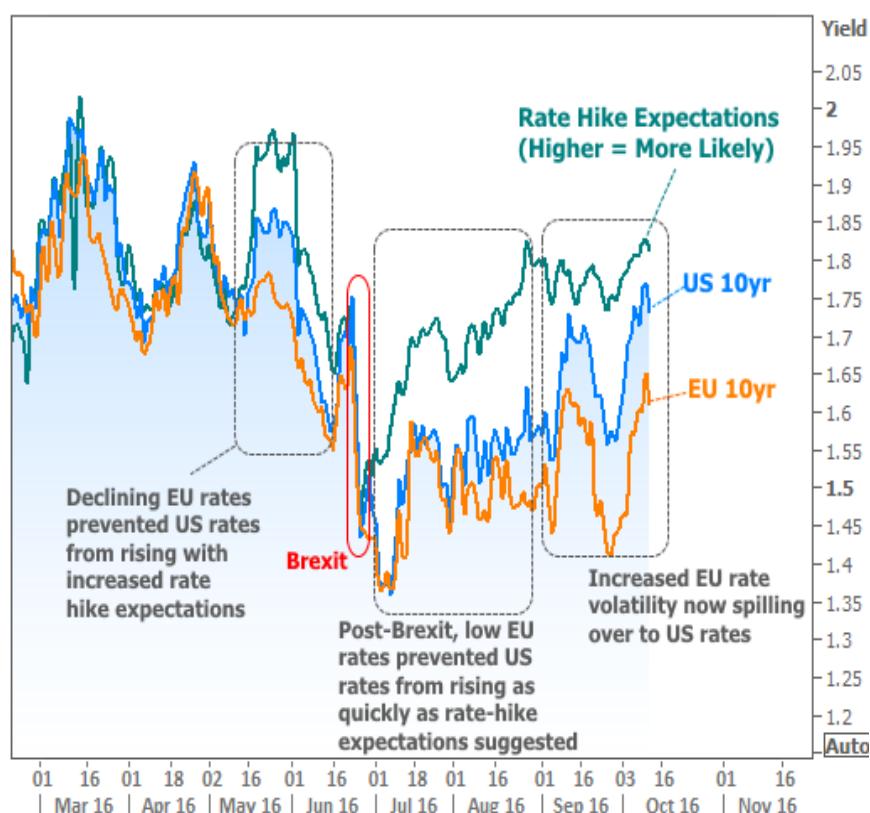
Recent Housing Data

	Value	Change
Mortgage Apps	Jul 10 206.1	-0.19%
Building Permits	Mar 1.46M	-3.95%
Housing Starts	Mar 1.32M	-13.15%
New Home Sales	Mar 693K	+4.68%
Pending Home Sales	Feb 75.6	+1.75%
Existing Home Sales	Feb 3.97M	-0.75%
Builder Confidence	Mar 51	+6.25%

US Housing Market Weekly



The motivations for the most recent rate spike are **diverse** and potentially even **debatable**. There are 2 distinct camps though. One camp sees rates moving higher as a result of Fed rate hike expectations. The other focuses more on global central bank stimulus expectations ([last week's newsletter](#) discussed this in detail). The truth is probably somewhere in between these two camps, and the following chart supports that conclusion.



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US Housing Market Weekly

In the chart, the **higher** the green line, the **more** markets are expecting a Fed rate hike. Notice the strong correlation between US rates, EU rates, and rate hike expectations earlier in the year. Fed rate hike rhetoric strengthened in May, causing expectations to spike, but longer term rates (like 10yr Treasuries and mortgage rates) didn't follow because global markets were already buzzing about Brexit (the UK's vote to leave the European Union).

Post-Brexit, US rates have been **less willing to chase** the bounce in Fed rate hike expectations, despite clearly feeling some pressure (as seen in July/Aug, when the blue line inched higher relative to the orange line). Once European rate volatility increased, US rates have had freer rein to follow domestic motivations. This trend toward higher rates can continue if European rates keep moving gradually higher, but that's a big "if."

Bottom line: the Fed isn't the only source of inspiration for rate movement right now. The next few months bring significant risks to the outlook. These include **2 opportunities** for the Fed to hike rates and a **high likelihood** of the European Central Bank specifically addressing its asset purchase plans (the original source of the current rate spike).

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With over a decade of experience, Jay Rodriguez is your go-to mortgage broker. Originally from Southern California, Jay has 13 state licenses and a deep understanding of the mortgage landscape. Whether you're in Texas or beyond, his commitment to personalized service, competitive rates, and on-time closings sets him apart. First-time buyers, refinancees, and investors alike benefit from his expertise. Contact Jay today to turn your homeownership dreams into reality!

Jay Rodriguez 