

## Bankrate: Mortgage Rates Fall to 10-Month Low

by Yahoo-Finance

NEW YORK, Nov. 16 /PRNewswire-FirstCall/ -- Mortgage rates dropped to the lowest level since Jan. 25, with the average 30-year fixed rate now 6.24 percent. According to Bankrate.com's weekly national survey of large lenders, the 30-year fixed rate mortgages had an average of 0.32 discount and origination points.

The average 15-year fixed rate mortgage, popular for refinancing, dipped back beneath the 6 percent barrier, to 5.98 percent. On larger loans, the average jumbo 30-year fixed rate slid to 6.47 percent. Adjustable rate mortgages also declined. The average 5/1 adjustable rate mortgage settled at 6.13 percent and the average one-year ARM retreated to 5.87 percent.

Indications that inflation pressures may be easing and comments from Federal Reserve Board members downplaying the likelihood of further interest rate hikes helped push mortgage rates lower. The latest reading on the Producer Price Index (PPI) showed a decline in prices, an antidote to the inflation concerns of the Fed. In addition, remarks by several Fed governors in recent days were notably softer than the anti-inflation rhetoric that had prevailed of late. With worries about any additional interest rate hikes put on the back-burner, investors purchased government and mortgage-backed bonds. This pushed bond prices higher and bond yields lower. Mortgage rates are closely related to the yields on long-term government and mortgage-backed bonds. Fixed mortgage rates are sharply lower than five months ago, when rates were flirting with 7 percent. At that time, the average 30-year fixed mortgage rate peaked at 6.93 percent, meaning that the monthly payment on a loan of \$165,000 was \$1,090. With the average 30-year fixed rate now 6.24 percent, the same loan originated today would carry a monthly payment of \$1,014.86. Fixed mortgage rates are a compelling refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

### SURVEY RESULTS

30-year fixed: 6.24% -- down from 6.32% last week (avg. points: 0.32)

15-year fixed: 5.98% -- down from 6.02% last week (avg. points: 0.29)

5/1 ARM: 6.13% -- down from 6.16% last week (avg. points: 0.25)

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.

For a full analysis of this week's move in mortgage rates, go to <http://www.bankrate.com/mortgagerates>

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For more information contact:

Kayleen Keneally Director, Corporate Communications [kkeneally@bankrate.com](mailto:kkeneally@bankrate.com) 917-368-8677

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