

Mortgage Rates Rise for First Time in Five Weeks

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After five weeks of declines, rates on most mortgages moved higher this week, following long-term bond yields that rose after an upbeat employment report, Freddie Mac's chief economist said Thursday.

The 30-year fixed-rate mortgage averaged 4.81% for the week ended Dec. 10, up from last week's 4.71% average, according to Freddie Mac's weekly survey of conforming mortgage rates. The mortgage averaged 5.47% a year ago.

Fifteen-year fixed-rate mortgages averaged 4.32%, up from 4.27% last week. They averaged 5.20% a year ago. And 5-year Treasury-indexed hybrid adjustable-rate mortgages averaged 4.26%, up from their 4.19% average last week. The ARM averaged 5.82% a year ago. But average rates on 1-year Treasury-indexed ARMs dropped slightly this week. The ARM averaged 4.24%, down from 4.25% last week and 5.09% a year ago.

"Following an upbeat employment report, long-term bond yields rose slightly and fixed mortgage rates followed," said Frank Nothaft, Freddie Mac chief economist. "The economy shed only 11,000 jobs in November, far fewer than the market consensus forecast, and the unemployment rate unexpectedly fell to 10%. In addition, revisions added 159,000 jobs to September and October."

Still, mortgage rates remain low compared with the same time a year ago, he said. "Notwithstanding, rates on 30-year fixed mortgages are almost 0.7 percentage points below those at the same time last year. This translates into an \$81 lower monthly payment on a \$200,000 conventional mortgage," he said.

Mortgage application volume was up a seasonally adjusted 8.5% for the week ending Dec. 4, compared with the previous week, the Mortgage Bankers Association reported on Wednesday. The weekly MBA survey also reported that rates on fixed-rate mortgages were on the rise.