

Lowest Rates in 38 Years - 4.5%

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Saturday, 26 June 2010
Last Updated Saturday, 26 June 2010

Mortgage rates hit new low - 4.5% 30 Year Fixed Rate If you are going to Refinance or Purchase a New Home - Mortgage rates hit a record low this week. These are the Lowest Rates I have ever seen. Freddie Mac said Thursday the going rate on a 30-year fixed rate mortgage fell to 4.69%, its lowest level since the company started keeping track 38 years ago. The news comes as investors have been shunning stocks in favor of bonds, especially those backed by the federal government. Money has flowed out of stock funds and into bond funds for seven straight weeks, while surging demand for U.S. Treasury debt has taken the yield on the 10-year Treasury note down near 3% -- a level last seen in the meltdown of 2008. Lower mortgage rates, of course, make it cheaper to buy a house. But with unemployment stubbornly high, wages stagnant and tax incentives expiring, few people are taking the plunge. New home sales tumbled to an all-time low last month (see chart above), and economists at Capital Economics in Toronto say another round of house price declines is waiting in the wings. "Once home sales fall back to fairly depressed levels, house prices will start declining too," economist Paul Dales wrote in a note to clients this week. "By the end of next year, we think they will be at least 5% lower." Though lower prices obviously will be good for buyers, a second leg down means our long national housing nightmare -- think foreclosures and bank failures -- is far from over.