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The first week in July of this year saw rates at the highest point in 2.5 years. As a result of this, we have seen mortgage applications fall dramatically. Rates are still very low when compared to years past, but the days of seeing 30-year fixed rates in the 3.5% APR range may be over for good.

With the rapid rate increases, the Fed has tried to temper their stance on when they are likely to stop suppressing interest rates through their Quantitative Easing measures, but this tempering has only moved rates back down by around .25%, so we are still at least 1% higher than the lows from May 2nd of this year.

Not surprisingly, the selloff in bonds has continued to fuel the stock market with multiple days in July of this year continuing to hit record highs in both the Dow and the S&P. I continue to be amazed at how much money is flowing into the stock market and I am still waiting for a major correction, which would help reduce interest rates. So far, none of that has happened and as time continues to pass, we get closer to the time frame in which the Fed has indicated it will start increasing the Fed Funds rate, currently at .25%. Once that happens, rates could move up by an additional 2%

over the course of a year to two years.

As the summer rolls on and activity for new mortgages slows down with folks on holiday and folks digesting the recent rate hikes, I am finding myself with lots of time on my hands for the first time in two years. My daughter is off to college in the fall so I am hoping to take advantage of the slowdown to spend more time with her before she starts a new chapter in our lives.

If you have complicated loan scenarios or are in the market to purchase a property, I have lots of time to dedicate to your needs. If you are in an adjustable rate mortgage, now is the time to discuss your options before the Fed starts to increase the Fed Funds rate. Please don't hesitate to contact me for a free consultation. I hope everyone is having a fun and safe summer.

*As always, your loan guy,
Viral (Vic) Joshi*

P.S. If you want to get more timely market updates, I have a weekly newsletter that goes out via e-mail. E-mail me, viral@vicjoshi.com, so that I can put you on the mailing list.

Vic's

Mortgage Report

"Home of Free Mortgage Consultation"

Viral (Vic) Joshi

*Branch Manager/
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Hello Friends,

I am sure that most of you are aware that interest rates increased

further since my last report from June 10th of this year. The Federal Reserve Open Market Committee Meeting from June 18th and 19th saw a further shift in interest rates with the largest increase in 26 years over such a short period of time.

In the last issue I mentioned that rates had increased by .5% from the lows last seen on May 2nd of this year. As a result of the Fed's last meeting, rates went up another .75% for a 1.25% total increase since May 2nd. The Fed's continued speculation that the current bond purchasing directive will end at the end of this year is what continues to fuel the massive sell off of bonds in the market, and this is causing interest rates to rise at a historically fast pace.

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