Mortgage Rates Drop Back to 1-Month Lows

By: Matthew Graham | Fri, Aug 12 2016, 3:37 PM

Just a day after bouncing firmly higher from the lowest levels in a month, **mortgage rates are right back down** to the bottom of the recent range. For some lenders, there have been one or two days with lower rates over the past, but for most, today is the best in exactly one month. Incidentally, that also puts rates fairly close to the lowest levels in 3 years seen in the immediate wake of the UK vote to leave the European Union (Brexit).

For flawless scenarios, **3.375% is now a more prevalent quote** than 3.5% on conventional 30yr fixed loans. At current levels, the most aggressive fringe of the marketplace is beginning to offer 3.25% again--a rate that enjoyed a brief spat of popularity in early July. It should also be noted that government rates (FHA/VA/USDA) have been shining of late, with several lenders offering 30yr rates near or under 3.0%, and the vast majority able to do at least 3.25%. But again, don't expect to see these rates without a perfect scenario (in terms of credit score, property type, loan purpose, Loan-to-value, etc).

See Rates from Lenders in Your Area

Loan Originator Perspective

Bonds rallied today, as inflation data indicated US prices for consumers and producers both failed to meet expectations. While our gains are welcome, we still remain within the same tight rate range as the past month. Conventional wisdom is that long lived, tight ranges lead to big moves when (not if) the range breaks, but I'm not sure I agree now, given tepid global economic data. Might be a good time to float, just don't expect rates to drop .25% overnight! -**Ted Rood, Senior Originator**

I'm going to depart from my usual consideration of recent and near future economic events to take a broader view today. Rates are heading lower. They won't now of coarse since I've said this out laud but that's my opinion and I'll stick to it I guess. This has been a safe call for the past 10, 20, 30 years so I'm not on a limb by any stretch. Borrowers should always consider than rates can go up short term even during a down trend so this isn't a call for everyone to float till closing. I'd just be a little more bold when deciding if I'd lock or float. -**Jason B. Anker, Vice President- Loan Officer at Salem Five**

Today's Best-Execution Rates

- 30YR FIXED - **3.375%**
- FHA/VA - 3.0 - 3.25%
- 15 YEAR FIXED - 2.75%
- 5 YEAR ARMS - 2.75 - 3.25% depending on the lender

Ongoing Lock/Float Considerations

- In the biggest of pictures, "global growth concerns" remain the driving force behind the long-term trend toward lower rates
- Amid that trend, periodic corrections toward higher rates can and will happen. These can happen for no apparent reason, or they can be brought on by changes in expectations surrounding central bank policy at home and abroad, as well as geopolitical and systemic risks
- Time horizon and risk tolerance are 2 variables to consider when it comes to locking. If you have plenty of time and don't mind losing some ground, set a limit as to how much higher rates could go before you'd lock to avoid further losses, and then float in the hopes of never seeing that limit.
- In the shorter-term, it's always good to look for lock opportunities after rates have been moving lower or sideways repeatedly, especially if they've since begun to move back up in any sort of consistent way.
- *As always, please keep in mind that the rates discussed generally refer to what we've termed '**best-execution**' (that is, the most frequently quoted, conforming, conventional 30yr fixed rate for top tier borrowers, based not only on the outright price, but also 'bang-for-the-buck.' Generally speaking, our best-execution rate tends to connote no origination or discount points--though this can vary--*

and tends to predict Freddie Mac's weekly survey with high accuracy. It's safe to assume that our best-ex rate is the more timely and accurate of the two due to Freddie's once-a-week polling method).

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