For Mortgage Rates, Once Again, It Depends

By: Matthew Graham | Thu, Mar 30 2017, 5:20 PM

For the third day in a row, day-over-day **mortgage rate** movement **depends heavily** on the lender. That means some lenders will be in noticeably better shape vs their latest offerings from yesterday while others will now be quoting higher rates.

At issue is the **volatility** in bond markets (which dictate mortgage rates). Moreover, the **timing** of the volatility over the past 3 days resulted in some lenders making late-day adjustments to rate sheets while others simply waited for the following morning. If that leads you to think of phrases like "it all comes out in the wash," you have the right idea. Looking past recent volatility, most lenders are right in line with their rate sheets from late last week. They've simply walked slightly different paths to get there.

As far as markets are concerned, the net effect of today's bond trading suggests **upward pressure** on rates. The implication is that there are quite a few lenders who did not move rates higher this afternoon due to the timing and scope of the market weakness. It's fair to assume that they'll be offering slightly higher rates tomorrow morning, unless bond markets improve overnight.

See Rates from Lenders in Your Area

4.25% remains the most prevalently-quoted conventional 30yr fixed rate for top tier scenarios.

Loan Originator Perspective

I commented yesterday that treasury yields were near our recent range's (2.38-2.42%) low, and as if on cue, they rose today to 2.42%. Mortgage pricing worsened slightly, although few lenders repriced during the day. We're still near the 30 day low for rates, so there's no shame in locking at these levels. I'd rather pick up a fallen knife than have a falling one pierce my hand. -**Ted Rood, Senior Originator**

I continue to favor locking once within 30 days of closing. Bonds just do not see a reason to break below our current floor in the mid 2.3s on the 10 year treasury note. Consumers continue to have more to risk than to gain by floating. -**Victor Burek, Churchill Mortgage**

Today's Best-Execution Rates

- 30YR FIXED - 4.25%
- FHA/VA - 3.75-4.25%
- 15 YEAR FIXED - 3.5-3.625%
- 5 YEAR ARMS - 2.75 - 3.25% depending on the lender

Ongoing Lock/Float Considerations

- Some investors are increasingly worried/convinced that the decades-long trend toward lower rates has been permanently reversed, but such a conclusion would require YEARS to truly confirm
- Still, it would take something very big and unexpected for rates to make a big, sustained push back toward pre-election levels. Even then, it would take time to confirm such a shift.
- With fiscal and monetary policy paths both clearly putting pressure on rates, at least one of those would need to make a noticeable change before anything but a cautious, lock-biased approach makes sense as a baseline strategy. Floating should only be considered as a tactical opportunity to capitalize on temporary corrections.
- *Rates discussed refer to the most frequently-quoted, conforming, conventional 30yr fixed rate for top tier borrowers among average to well-priced lenders. The rates generally assume little-to-no origination or discount except as noted when applicable. Rates appearing on this page are "effective rates" that take day-to-day changes in upfront costs into consideration.*

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