Mortgage Rates Uninspired at 9-Month Lows

By: Matthew Graham | Fri, Aug 11 2017, 5:40 PM

Mortgage rates held near the lowest levels since November 2016 today, after a key economic report showed subdued inflation. The Consumer Price Index (CPI) is one of the most important metrics relied upon by the Fed when it comes to measuring the impact of its policies. In general, if inflation is increasing or running higher than expected, the Fed will be more inclined to raise rates. Although the Fed Funds Rate doesn't directly impact mortgage rates, anything that increases the likely pace of Fed rate hikes would also tend to push mortgage rates higher.

With today's report coming in slightly weaker than expected, rates had **no reason** to move higher. But true to recent form, they weren't able to find much inspiration to move lower either. Most lenders remained perfectly unchanged compared to yesterday's latest levels, though a few were slightly higher or lower.

See Rates from Lenders in Your Area

Loan Originator Perspective

Bond markets slumbered past slightly weaker than expected consumer inflation data today. Once again, we're seemingly stuck in our present range, and it appears it will take dramatic geopolitical or economic news to change that. My pipeline is locked, with the exception of some new files and loans not closing for more than 30 days. One potential reason to float is locking (with better pricing) for a shorter time frame. If you've floated and are now within 30 days or less of closing, ask your originator how much better a 15 day lock is priced. It's likely the pricing will be at least 125 bps better, which is something to consider. -**Ted Rood, Senior Originator**

Today's Most Prevalent Rates

- 30YR FIXED - 4.00%
- FHA/VA - 3.75%
- 15 YEAR FIXED - 3.375%
- 5 YEAR ARMS - 2.75 - 3.25% depending on the lender

Ongoing Lock/Float Considerations

- Investors were relatively convinced that the decades-long trend toward lower rates had been permanently reversed after Trump became president, but such a conclusion would require YEARS to truly confirm
- Instead of continuing higher in 2017, rates instead formed a narrow, sideways range, and held inside until April. Investor perceptions are shifting such that fiscal reforms and other policy developments will need to live up to expectations in order to push rates higher. Geopolitical risks would also need to avoid flaring up (more than they already have)
- For the first time since the election, we're in a rate environment where you wouldn't be crazy not to lock at every little opportunity/improvement. Until/unless it's broken, the highest rates of early-2017 mark the ceiling, and we're now waiting to see how much lower we can go from here.
- *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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