Rates Rising as North Korea Talks Baseball

By: Matthew Graham | Tue, Aug 15 2017, 3:21 PM

Mortgage rates continued higher today as markets reacted to news that North Korea would tactically abstain from launching nuclear weapons at Guam because it was having such a good time watching the "foolish and stupid conduct of the Yankees." Perhaps Kim Jong Un is a Sox fan? Someone should tell him that series is over and that the Mets might not put up as much of a fight.

Or perhaps "Yankees" referred to America in general. Either way, markets took solace in the absence of global nuclear war by buying stocks and selling bonds. Net selling pressure in bonds **pushes rates higher**. Strong economic data in the morning only added to bond market weakness.

Fortunately, movement in rates continues to be **muted** by historical standards. Most consumers would still be seeing the same rates quoted today that were available last Friday (which were the lowest since November 2016) with the only adjustments being slightly higher upfront costs.

See Rates from Lenders in Your Area

Loan Originator Perspective

Bond markets weakened this PM, while staying within recent ranges. Today's movement wasn't a trend, but bears watching if it continues. I've been preaching "lock sooner rather than later" in the absence of meaningful direction, and that's still my attitude. My pipeline is locked, with the exception of a few new loans closing well over 30 days from now. -**Ted Rood, Senior Originator**

The risk on trade is back in play with the most recent geopolitical headlines regarding N Korea. We are still in the most recent range however, although leaning in the higher part of the range. For my clients that are closing in 30 days we are locked. Outside of 30 days and for my less risk averse clients we are floating, but on a short leash watching technical pivot points in treasuries. -**Geoff Allison, Blue Skye Lending, NMLS #200002**

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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