# Mortgage Rates Steady to Higher, Depending on Lender

By: Matthew Graham | Mon, Dec 4 2017, 4:17 PM

**Mortgage rates** were **distinctly mixed** today, with some lenders **clearly** moving higher while others were effectively unchanged. The deciding factor is both simple and obvious. It has to do with Friday's wild action in the bond market (following the Flynn/Russia news in the morning). That market movement resulted in a handful of lenders reissuing lower rates on Friday afternoon. Those lenders had to move rates back up today because underlying bond markets weren't able to maintain the improvements that resulted in the better rate sheets. Lenders who didn't adjust rates on Friday ended up being in fairly ideal territory for today's bond trading range and thus didn't need to make noticeable adjustments.

As for the forces underlying the pull-back in bonds, the Senate's passage of its **tax bill** likely played the biggest role in putting upward pressure on rates. That was a bigger factor earlier in the morning, however, as bonds were able to recapture most of those losses by the end of the day. The net effect is a bond market that justifies slightly better rates than we're seeing this afternoon. The catch is that volatility is an ongoing risk this week. Bottom line: although we can say that rates would improve tomorrow if bond markets froze in their tracks at current levels, there's no way to know where bonds will be by the time lenders are generating rate sheets tomorrow.

## See Rates from Lenders in Your Area

**Loan Originator Perspective**

It was a somewhat sedate day in rate markets Monday, as tax reform's final details (and viability of enactment) unfolded. Reform will likely pass, and bond traders have taken that probability into account. We'll need drama/uncertainty to spark demand of bonds and lower rates, the question is where (DC drama/overseas conflict?) and when it'll arise. I'm in "lock early" mode for borrowers within 30 days of closing. **- Ted Rood, Senior Originator**

**Today's Most Prevalent Rates**

- 30YR FIXED - 4.0%
- FHA/VA - 3.75%
- 15 YEAR FIXED - 3.375%
- 5 YEAR ARMS - 2.75 - 3.25% depending on the lender

**Ongoing Lock/Float Considerations**

- 2017 had proven to be a relatively good year for mortgage rates despite widespread expectations for a stronger push higher after the presidential election in late 2016.
- While rates remain low in absolute terms, they've moved higher in a more threatening way heading into the 4th quarter, relative to the stability and improvement seen earlier in 2017
- The default stance for now is that this trend toward higher rates has the potential to continue. It will take more than a few great days here and there for that outlook to change.
- For weeks, this bullet point had warned about recent stability inviting a bigger dose of volatility. That volatility is now here. As such, locking is generally the better choice until the volatility is clearly dying down.
- *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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