Mortgage Rates at 2-Week Lows

By: Matthew Graham | Wed, Mar 28 2018, 4:35 PM

Mortgage rates were **sideways to slightly lower** today, keeping/bringing them in line with the lowest levels in roughly 2 weeks (depending on the lender). Interest rates in the broader bond market were slightly better off, with 10yr Treasury yields falling to the best levels since early February.

While it hasn't always been the case (especially during the mortgage meltdown), the 10yr Treasury yield (the rate the US government pays on the money it borrows for 10 years) correlates with mortgage rate movement extremely well. Think of Treasuries like a person holding a leash, and think of mortgage rates like a reasonably well behaved dog on the other end of that leash. The dog may tug or lag behind, but he/she's generally **not far** from master's side.

In the current case, the dog is lagging the master to a small extent. In other words, **mortgage rates haven't returned** to previous lows as quickly as Treasuries. That may not be the greatest news for today's mortgage rates, but it means that there's room to improve if Treasuries are able to keep the recent trend alive. Looked at another way, the absence of improvement means mortgage rates could be better insulated in the event the broader rate market moves higher tomorrow and next week.

See Rates from Lenders in Your Area

All that having been said, we **still** haven't seen resounding evidence that rates can move lower in a big, meaningful way so far in 2018. That's not to say it couldn't happen--just that it hasn't happened yet. As such, mortgage rates at 2-week lows present a good opportunity for those hoping to lock in at slightly more favorable terms. After all, "slightly more favorable" is just about the biggest victory that's been available for prospective mortgage borrowers so far in 2018.

Loan Originator Perspective

Bond markets retained most of yesterday's substantial gains, but retreated in PM trading after a disappointing bond auction. It's nice that treasury yields are still below 2.8% (a recent resistance level), but staying there is far from assured. I think we're seeing the week's best levels, so will be locking here. **-Ted Rood, Senior Originator**

It appears bonds have finally broken out to the good side and rate sheets do show some improvement. Of concern is the long holiday weekend ahead and month end buying that could be giving us a false sense of comfort. Based on those couple concerns, i am still going to encourage clients to lock in the gains. Wait until as late as possible in the day to lock to allow lenders time to pass along the gains. **-Victor Burek, Churchill Mortgage**

Today's Most Prevalent Rates

- 30YR FIXED - 4.5%
- FHA/VA - 4.375%
- 15 YEAR FIXED - 3.875%
- 5 YEAR ARMS - 3.5-3.75% 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 moved higher in a more threatening way heading into the beginning of 2018
- The scariest part of the move higher looks like it ended as of early February, and rates have been generally sideways since then
- Even so, the potential remains for more weakness (i.e. higher rates). It makes more sense to remain defensive (i.e. more inclined to lock) until we've seen a more convincing shift lower.
- *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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