Mortgage Rates Push Farther Into 4-Year Highs

By: Matthew Graham | Tue, Apr 24 2018, 4:26 PM

Mortgage rates moved **somewhat higher** again today, thus pushing them farther into the highest levels in more than 4 years. This isn't the result of anything that happened today, but rather an ongoing process whereby the bond market (which underlies rates) is coming to terms with big-picture, long-term headwinds mentioned in the bullet points at the bottom of this article.

Whereas rates had leveled off and even improved somewhat during March and early April, they've quickly shown more volatile colors. Borrowers are definitely seeing rates that are an eighth of a point higher from last week and, in many cases, a quarter of a percentage point higher than 2018's best levels.

Tomorrow brings several flashpoints that keep the volatility potential high. These include an important Treasury auction (which acts as a gauge of investor demand for bonds), and the biggest day of this "earnings season" (more of a factor for stocks, but stock trading can occasionally spill over and affect bonds/rates).

See Rates from Lenders in Your Area

Loan Originator Perspective

The 10 year treasury note looks to continue to hold under support around 2.99. If that holds for the day, I think I would roll the dice and float overnight. Only those that can afford to be wrong should consider floating. -**Victor Burek, Churchill Mortgage**

3.00 10 Year has arrived and probably is not looking back for the near future. Lock at Application. -**Al Hensling, Mortgage Originator**

Bonds sold off, again. Rates rose, again. Floating borrowers lost money, again. I continued locking as early as possible, for the foreseeable future, again. -**Ted Rood, Senior Originator**

Today's Most Prevalent Rates

- 30YR FIXED - 4.625%-4.75%
- FHA/VA - 4.25%-4.5%
- 15 YEAR FIXED - 4.0%
- 5 YEAR ARMS - 3.625%-3.875% 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 been moving higher in a serious way due to headwinds that cannot be quickly defeated. These include the Fed's increasingly restrictive monetary policy outlook, the increased amount of Treasury issuance to pay for the tax bill (higher bond issuance = higher rates), and the possibility that fiscal stimulus results in higher growth/inflation.

- While we may see periodic corrections to the broader trend toward higher rates, it's safer to assume that broader trend can and will continue. Until that changes, it makes much more sense to remain heavily-biased toward locking as opposed to floating.

- *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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