Mortgage Rates Hold Steady

By: Matthew Graham | Tue, Jun 5 2018, 4:37 PM

Mortgage rates were little-changed today after rising somewhat quickly over the past 4 business days. This leaves them right on the top dead center of the proverbial fence. Or perhaps it's fairer to say ***A*** proverbial fence.

While rates are like any other financial instrument whose future can't be predicted, they do tend to pause and congregate at some levels more than others. We'll often see rising rates repeatedly run into a ceiling that goes on to become a floor in the future. This cycle can often repeat itself several times. That's the sort of fence we're dealing with at the moment.

This fence marked a low range for rates in late April after having been more of a ceiling in Feb/Mar. Most recently, rates broke back below the fence with last week's European political drama. Now, as that drama subsides, rates have returned. In terms of mortgage rates, we might think of it as an average 30yr fixed rate teetering between **4.625% and 4.75%**. But it's easier to follow via the quintessential interest bench mark: 10yr Treasury Yields. In this case, the center of the fence would be somewhere between 2.90 and 2.94%.

See Rates from Lenders in Your Area

We were hoping not to move above 2.94% as of yesterday afternoon, and indeed we didn't. But for context, today's latest levels were just over 2.93%. **Long story short**, we're still in limbo... still on the fence.

Loan Originator Perspective

Bond markets posted small gains today, as treasury yields backed off yesterday's highs. The advances came despite strong ISM economic data this morning, which may make it more meaningful. No pertinent data or auctions the rest of the week, looks like we'll be treading water waiting for more EU/Italy news. Lock/float is 50/50, which for me means lock. - **Ted Rood, Senior Originator**

Locking at Origination is still the Strategy -**Al Hensling**

Today's Most Prevalent Rates

- 30YR FIXED - 4.625-4.75%
- FHA/VA - 4.375%
- 15 YEAR FIXED - 4.00%
- 5 YEAR ARMS - 3.75-4.25% depending on the lender

Ongoing Lock/Float Considerations

- Rates have 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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