Mortgage Rates at 2-Week Lows

By: Matthew Graham | Fri, Sep 28 2018, 4:25 PM

Mortgage rates were slightly lower again today, but there are some caveats. First of all, the average lender wasn't in substantially better shape compared to yesterday afternoon. On top of that, bond markets (the underpinnings of mortgage rates) weakened throughout the day. If lenders were beginning their day looking at current bond market pricing, we'd likely have seen rates edge slightly HIGHER. As such, unless bonds manage to receive solid support from Asia and Europe on Monday morning, US lenders will likely be forced to bring rates a bit higher.

Despite those gray clouds on the horizon, the average lender was indeed able to offer their **lowest rates in 2 weeks** for the entirety of the day, providing a much-needed respite from the recent spike toward long-term highs.

Loan Originator Perspective

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Bonds tread water today, with only small gains near the closing bell. Since todays the final business day of September, it would have been great to see more month end support (traders often have to square positions before months' ends), but we didn't. I don't foresee any huge motivation for rates to rally next week, will continue to lock new loans at origination for clients closing within 45 days. Happy Friday! -**Ted Rood, Senior Originator**

I and my clients continue to favor locking in. Inflation data on a month over month basis came in lower than expected, but bonds have been unable to rally on the news. The trend continues to not be our friend. -**Victor Burek, Churchill Mortgage**

Today's Most Prevalent Rates

- 30YR FIXED - 4.75-4.875%
- FHA/VA - 4.5%
- 15 YEAR FIXED - 4.25%-4.375
- 5 YEAR ARMS - 3.75-4.25% depending on the lender

Ongoing Lock/Float Considerations

- Rates moved higher in a serious way due to several big-picture headwinds, including: the Fed's rate hike outlook (and general policy tightening), 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.

- Rates cooled off heading in the summer months, but that proved to be the eye of an ongoing storm. As long as economic data remains strong, rates can continue to move higher in general, even though there may be brief periods of correction.

- It makes sense to remain defensive (i.e. generally more lock-biased) because the headwinds mentioned above won't die down quickly. It will take a big change in economic fundamentals or geopolitical risk for the big picture to change.

- *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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