

# Mortgage Rate Rally May Be Pausing

By: Matthew Graham | Mon, Dec 10 2018, 4:57 PM

**First things first:** the average mortgage lender improved modestly today, compared to last Friday's levels. This leaves **mortgage rates at their lowest** levels in several months. That's great news and indeed, the last few weeks have been the best few weeks we've seen in more than a year. That having been said, we're now reaching the stage where the strong move in underlying financial markets may be running out of steam.

"Running out of steam" could mean **one of several things**. In the best case, this is just the obligatory pause that almost all such market movements encounter before ultimately continuing in the same direction. The less pleasant eventuality would be that today could mark the lowest rates we'll see for a while. There's no way to know which variety we'll get, but history suggests sprinkling a bit more caution into your strategy if you're in a position to lock a loan.

## See Rates from Lenders in Your Area

Much of the determination rests with upcoming economic reports and, most importantly, next Wednesday's Fed Announcement. It **wouldn't** be a surprise to see rates consolidate a bit more around current levels (or slightly higher) before getting their next major cue from the Fed next week.

### Loan Originator Perspective

Bonds relinquished their morning gains, and treasury yields again failed to break resistance at 2.83%. It appears rates needs more motivation/drama to continue dropping here. I wouldn't bet against that, given Brexit and DC Drama, but locking loans closing within 30 days here. **-Ted Rood, Senior Originator**

I like locking here. Twice in the past 5 days, the benchmark 10 year note has bounced off resistance at 2.83ish. So following the strategy of lock the lows, float the highs, locking is the way to go. **-Victor Burek, Churchill Mortgage**

### Today's Most Prevalent Rates

- 30YR FIXED - 4.75%
- FHAVA - 4.25%
- 15 YEAR FIXED - 4.25%
- 5 YEAR ARMS - 4.375%-4.875% depending on the lender

### Ongoing Lock/Float Considerations

- Headwinds that had plagued rates for most of the past 2 years are slowly dying down. The rising rate environment could flare up again, and some headwinds remain in effect, but the broader tone has taken a more optimistic shift.
- Highest rates in more than 7 years in Oct/Nov. Lowest rates in more than 2 months as of early December
- This is a bit of a crossroads. We may look back at Oct/Nov and see a long-term ceiling, or we may look back at early December and see a temporary correction before more pain. Either way, it's one of the more hopeful positions we've been in for several years.
- *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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