

Mortgage Rates Highest in a Week

By: Matthew Graham | Tue, Jan 8 2019, 3:36 PM

Mortgage rates rose moderately for the 3rd day in a row today, bringing them to the highest levels since December 31st for the average lender. In outright terms, this equates to an increase of an eighth of a percentage point (.125%) since the most recent lows last Thursday.

While it's only 3 days of weakness in the mortgage market, the **concern** is that it could be part of a much larger market trend. Stock prices and interest rates moved lower together for the better part of 2 months. The drop was relatively extreme for stocks, and nothing to shake a stick at for rates. The risk is that we're only in the early phase of a bigger correction. While that would be great news for stock market investors, it would be less pleasant for those with a vested interest in lower mortgage rates.

All of the above having been said, it would take quite a bit more weakness before we've even retraced half of the move that occurred over the past 2 months. In several ways, these sorts of corrections in interest rates are a necessary part of **positive** longer-term trends. In other words, the past few days could be part of a broader, negative trend or a necessary ingredient in an even broader positive trend. We'll know more about which eventuality is more likely in the coming days.

See Rates from Lenders in Your Area

Loan Originator Perspective

Rates continued drifting higher today, and it's increasingly apparent the trend is no longer our friend. I'm locking loans closing in the next 45 days. -**Ted Rood, Senior Originator**

It seems bonds have run out of gas after the nice rally we enjoyed to end and start the year. If within 30 days of closing, i would go ahead and lock today at current pricing. -**Victor Burek, Churchill Mortgage**

Today's Most Prevalent Rates

- 30YR FIXED - 4.5%
- FHAVA - 4.25%
- 15 YEAR FIXED - 4.125%
- 5 YEAR ARMS - 4.25%-4.625% 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 8 months by the end of the year.
- 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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