Mortgage Rates Up to New Highs For 2019

By: Matthew Graham | Wed, Jan 23 2019, 3:06 PM

Mortgage rates jumped a bit today, as lenders got caught up with the bond market movements from last Friday. It's fair to wonder why they wouldn't have done this yesterday. The reason has to do with the timing of market movement and the threshold for lenders to make mid-day rate sheet changes.

If bond markets move enough during the day, mortgage lenders will make mid-day changes. If the movement happens late enough or isn't clearly past the typical threshold, lenders will wait for the following business day to make the adjustments. The latter was the case on Friday and the "following business day" was Tuesday/yesterday due to the MLK holiday. But bond markets **gained** some ground yesterday--enough to keep rates relatively unchanged.

Fast forward to this morning and bonds were back to the levels seen last Friday. This time around, those levels were intact in the morning **BEFORE** lenders generated their first rate sheets of the day. As such, this morning's mortgage rate offerings were able to account for the bond market weakness, making these the highest rates of 2019 by a small margin.

See Rates from Lenders in Your Area

The general trend in rates has been slightly **higher** ever since hitting long-term lows at the beginning of the month. It makes sense to remain defensive when it comes to lock/float decisions until this gently higher trend reverses course.

Loan Originator Perspective

I continue to see little to no benefit in floating at current bond prices. Bonds appear to have no motivation to rally. The recent events that have led to this rally could be resolved at any time which should pressure rates higher. So lock if within 30 days of funding. -**Victor Burek, Churchill Mortgage**

Today's Most Prevalent Rates

- 30YR FIXED - 4.5%
- FHA/VA - 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 began to die down in late 2018. A rapid decline in the stock market certainly helped drive investors into bonds (which helps rates) Highest rates in more than 7 years in Oct/Nov. 8-month lows by the end of the year
- This is a bit of a crossroads. The rising rate environment could flare up again. 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, late 2018 was a sign that rates are willing to take opportunities presented to them. From here, it will be up to economic data, fiscal policies, and the stock market to decide on the next set of opportunities. The rougher the overall outlook, the better interest rates tend to do.
- *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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