Mortgage Rates Modestly Higher, But Volatility Could Increase

By: Matthew Graham | Mon, Apr 29 2019, 5:29 PM

Mortgage rates moved up today, but at a fairly tame pace in the bigger picture. The rest of the week, however, may not be as tame. There are multiple economic reports on tap with a history of impacting the bond market (which dictates rates). The data gets most serious starting on Wednesday and finally culminates with 2 reports on Friday morning, one of which is the big jobs report.

But economic data **isn't the only thing** that interest rates will need to worry about this week. Remember how Wednesday was a big day? That's because it will also play host to the latest official policy announcement from the Fed.

Historically, the Fed announcements have been most interesting and relevant due to the risk that they would hike/cut rates or comment on the likelihood of future hikes/cuts. Things are a bit more complex at the moment with the Fed ready to begin the process of ending its balance sheet reductions. That's a fancy way of saying they'll have more cash on hand to do things like buying bonds--something that has a profound effect on rates.

See Rates from Lenders in Your Area

Loan Originator Perspective

Friday's gains evaporated despite tepid inflation readings today. We're essentially back to Thursday's pricing, and (no surprise) range bound. There's copious information this week, between an FOMC statement, April's NFP, and more inflation data. It'll take a huge surprise to drive rates down, rates treading water or rising slightly feels more likely. I'm locking my May pipeline now. -**Ted Rood, Senior Originator**

My clients and i continue to favor locking if within 30 days of closing. Bonds just do not appear to want to move much lower which makes the risk associated with floating greater than any reward.-**Victor Burek, Churchill Mortgage**

Today's Most Prevalent Rates

- 30YR FIXED - 4.25-4.375%
- FHA/VA - 4.0%
- 15 YEAR FIXED - 4.00%
- 5 YEAR ARMS - 3.875-4.25% depending on the lender

Ongoing Lock/Float Considerations

- Early 2019 saw a rapid reevaluation of big-picture trends in rates and in markets in general
- The Federal Reserve has been a key player, and while they aren't the ones pulling the global economic strings, their response to the economy has helped rates fall more quickly than they otherwise might.
- Based on the Fed's laundry list of concerns, the bond market (which determines rates) will be watching economic data closely, both at home and abroad. The stronger the data, the more rates could rise, while weaker data could lead to new long-term lows.
- *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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