Lowest Mortgage Rates in More Than a Month

By: Matthew Graham | Mon, May 13 2019, 4:37 PM

Mortgage rates moved moderately lower to start the new week as trade tensions remained in focus. In general, the worse the US/China trade relationship is looking at any given moment, the better it has been for the bond market (and the worse it's been for stocks). This is typical behavior for markets because stocks tend to benefit from growth and certainty while bonds tend to benefit when investors are uncertain, downbeat, or looking for safe havens to ride out volatility. As bonds 'benefit' from that demand, prices rise and rates fall.

Today's drop brings the average lender back to the lowest rates since April 2. Despite the seemingly big move, Friday's rates weren't too much higher. In fact, many borrowers will be seeing the same interest rate at the top of a loan quote with the only difference being in the upfront borrowing costs. For what it's worth, if you are being quoted 4.25% on a conventional 30yr fixed, it's worth asking your mortgage professional how much more it would cost you to buy the rate down to 4.125%. The cost gap between those two rates is much smaller than normal at the moment, and in many cases it wouldn't take more than a year or two to break even on the additional expense.

See Rates from Lenders in Your Area

Loan Originator Perspective

Stocks' precipitous slide continued today, as tariff troubles cast doubt on economic growth. Bond markets posted sizable gains, although rate sheets didn't fully reflect them. This standoff isn't going anywhere soon, and until it does, it's a "risk off" environment, which boosts bonds. I am floating new applications. -**Ted Rood, Senior Originator**

Today's Most Prevalent Rates

- 30YR FIXED - 4.125 or 4.25
- 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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