Mortgage Rates Slightly Higher to Begin Risky Week

By: Matthew Graham | Mon, Jul 1 2019, 5:30 PM

Mortgage rates were **slightly higher** to start the new week, which is a pretty good outcome considering the underlying events. On Friday, we anticipated a pick-up in volatility as rates were at risk of reacting to any meaningful trade news from the G20 summit or any surprises in economic data. The bonds that underlie mortgage rates tend to thrive when economic strength is called into question. Trade wars and weak economic reports are the sorts of things that help rates move lower. As such, it stood to reason that rates might be under some pressure from the somewhat optimistic G20 headlines over the weekend concerning the rebooting of trade talks between the US and China.

But the bond/rate market is also very **realistic**. It knows that no major changes came out of the weekend and that it was still a game of 'wait and see' when it comes to the fallout of tighter trade policies (or the potential unwinding of those policies). Economic data is a bit more actionable, but it was mixed this morning. The net effect was slight weakness in the bond market and gently higher mortgage rates. More substantive data is around the corner--primarily on Wednesday and Friday. Volatility risks remain for rates.

Loan Originator Perspective

Bonds sold off today, and rates rose, nearing their recent highs. That being said, we're still in a narrow range here. While tariff trauma MAY be easing, there's still just rumors, not resolution. The rest of this shortened trading week brings copious data, including June's jobs report. I'm locking July closings, floating most closing further out. -**Ted Rood Senior Originator**

I continue to favor locking. There is way more to lose than to gain at current pricing to make floating worth the risk. If within 30 days of funding, i would lock and move on. -**Victor Burek, Churchill Mortgage**

Today's Most Prevalent Rates

- 30YR FIXED - 3.875%
- FHA/VA - 3.5-3.75%
- 15 YEAR FIXED - 3.75%
- 5 YEAR ARMS - 3.625-4.125% 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 (and even their EXPECTED 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, as well as trade-related concerns. The stronger the data and trade relations, the more rates could rise, while weaker data and trade wars will 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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