No, Mortgage Rates Are No Longer "Sharply Lower" This Week!

By: Matthew Graham | Thu, Aug 8 2019, 4:22 PM

Mortgage rates were **sharply higher** today, with the average 30yr fixed rate quote rising by almost an eighth of a percentage point in some cases. A move of that magnitude in one day is the sort of thing that only happens a few times a year. Surprisingly, a multitude of headlines claim that rates are sharply LOWER this week. What gives?!

If you happened to catch **yesterday's rate commentary**, you already know where this is going. There's an over-reliance on the part of major media outlets (and even in some corners of the mortgage industry itself) on the weekly mortgage rate report from Freddie Mac. Freddie is transparent about the limitations of its data. They'll be the first to tell you that most of the responses come in on Tuesday and that responses are only collected on the first 3 days of the week.

See Rates from Lenders in Your Area

That means if there is a big market movement on a Thursday that remains intact through Tuesday, it will be reflected in the subsequent Freddie Mac report **regardless** of what happens on Wednesday afternoon and Thursday morning. As it happens, we just saw Wednesday afternoon and Thursday morning take rates in the **opposite** direction at a fairly **aggressive** pace.

Therein lies the problem of the media's over-reliance on Freddie's data. They find themselves citing a report that talks about sharply lower rates week-over-week without any reference to the sharp move HIGHER in rates that's transpired over the past 2 days.

Simply put, Freddie says rates are 0.15% lower this week. Meanwhile the average mortgage lender's rates are less than 0.02% lower compared to last Thursday and 0.02% HIGHER than last Friday.

Today's Most Prevalent Rates

- 30YR FIXED - 3.75%
- FHA/VA - 3.375-3.5%
- 15 YEAR FIXED - 3.375%
- 5 YEAR ARMS - 3.375-3.75% depending on the lender

Ongoing Lock/Float Considerations

- 2019 has been the best year for mortgage rates since 2011. Big, long-lasting improvements such as this one are increasingly susceptible to bounces/corrections.
- Fed policy and the US/China trade war have been key players
- The Fed and the bond market (which dictates rates) will be watching economic data closely, both at home and abroad, as well as trade war updates. 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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