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A Message from Jeffrey Chalmers:

"If you're waiting for mortgage rates to drop, it's time to rethink your position."

Mortgage Rates Rise to 2nd Highest Levels in Over 2 Years

Mortgage rates rose meaningfully today, with most lenders coming close to the highest levels in more than 2 years (on December 1st). Keep in mind though, that my daily assessment puts rate movement under a microscope, so "rose meaningfully" is a relative term. In fact, many lenders are quoting the exact same contract rates today compared to yesterday, with the only deterioration being seen in the form of higher upfront costs (or lower lender credit, depending on the scenario). Even so, there was enough movement to shift the average lender's top tier conventional 30yr fixed quote up to 4.25% although 4.125% is nearly as prevalent.

Today's market movement had to do with investor anxiety heading into a few challenging days at the beginning of next week. In addition to the Fed announcement on Wednesday, Treasury auctions (Where the government sells bonds to investors directly, typically a Tue/Wed/Thu affair) are packed into the first 2 days of the week. Bond market movement (which drives interest rates) is all about supply and demand. When supply is more challenging, it puts upward pressure on rates. Moving the bond market's key source of "supply" ahead in the calendar and condensing 3 days of supply into 2 definitely makes supply more challenging.

The bottom line is that bond markets are anxious, and that anxiety is being managed by selling bonds. It could absolutely still be the case that bond traders are interested in keeping rates from moving above recent highs, but we won't have a great sense of that until the middle of next week. The blanket advice for any new loans is to lock in this environment. That said, risk-takers might consider the fact that 10yr Treasury yields (a good proxy for momentum in longer-term rates, like mortgages) have yet to break above 2.50%, despite facing maximum anxiety this afternoon. 2.50% could be used as line in the sand that lets risk-takers know it's time to lock.

Today's Best-Execution Rates

- 30YR FIXED - 4.25%
- FHA/VA - 4.0%

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.10%	+0.01	0.00
15 Yr. Fixed	6.57%	+0.01	0.00
30 Yr. FHA	6.64%	+0.02	0.00
30 Yr. Jumbo	7.35%	0.00	0.00
5/1 ARM	7.30%	0.00	0.00

Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00

Mortgage Bankers Assoc.			
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

Rates as of: 5/20

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.32	-0.08
MBS GNMA 6.0	100.72	-0.06
10 YR Treasury	4.4463	+0.0240
30 YR Treasury	4.5840	+0.0230

Pricing as of: 5/20 4:25PM EST

- 15 YEAR FIXED - 3.375%
- 5 YEAR ARMS - 2.75 - 3.25% depending on the lender

Ongoing Lock/Float Considerations

- Rates had been trending higher since hitting all-time lows in early July, and exploded higher following the presidential election
- Some investors are increasingly worried/convinced that the decades-long trend toward lower rates has been permanently reversed, but such a conclusion would require YEARS to truly confirm
- With the incoming administration's policies driving a large portion of upward rate momentum, mortgage rates will be hard-pressed to make significant improvements until after Trump takes office. Rates can move for other reasons, but it would take something **big and unexpected** for rates to move appreciably lower.
- We'd need to see a sustained push back toward lower rates (something that lasts more than 3 days) before anything less than a cautious, lock-biased approach makes sense for all but the most risk-tolerant borrowers.
- *As always, please keep in mind that the rates discussed generally refer to what we've termed '**best-execution**' (that is, the most frequently quoted, conforming, conventional 30yr fixed rate for top tier borrowers, based not only on the outright price, but also 'bang-for-the-buck.' Generally speaking, our best-execution rate tends to connote no origination or discount points--though this can vary--and tends to predict Freddie Mac's weekly survey with high accuracy. It's safe to assume that our best-ex rate is the more timely and accurate of the two due to Freddie's once-a-week polling method).*

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Because Integrity Matters™

Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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