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Mortgage Rates Steady to Slightly Lower Ahead of Fed

Mortgage rates were **sideways to slightly lower** today, depending on the lender. Whereas some rate sheets were carbon copies of yesterday's latest offerings, others were markedly improved. Any discussion of movement in the mortgage rate world these days would be incomplete without pointing out the fact that everything has been taking place in an exceptionally narrow range. While we can technically observe that the 'effective rate' is changing from day to day, all of the recent changes have been to the upfront costs/credit as opposed to the contract rate itself. 3.75-3.875% have been the dominant lender quotes on top tier conventional 30yr fixed scenarios for weeks.

What's it going to take to change that? It's one of those things that we'll know when we see. For pretty much the entire year, the consensus in the media has been for rates to move higher, yet here we are flirting with the lowest levels in 6 months. In other words, if someone tells you what the catalyst for change will be, they're guessing. The better guesses would include at least some mention of the **big picture** as opposed to Federal Reserve rate hikes. It's really that broader, global economic trend that will do most to dictate longer-term rates like mortgages. After all, that's the entire reason rates are as low as they are despite the ever-increasing sense of the Fed's rate hike intentions.

All that having been said, it's not a mistake to consider Fed policy in the rate outlook, but it makes more sense to do so in the context of volatility. History gives us examples of the Fed Funds rate moving up from an extended period of long term lows only for mortgage rates to fall. Part of the reason for this **counter-intuitive movement** is the fact that bond markets can rapidly adjust to changing market conditions and expectations of Fed movement well before the Fed actually hikes. It's more than fair to consider that this same dynamic is behind much of the upside drive in rates during 2015.

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National Average Mortgage Rates



	Rate	Change	Points
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Mortgage News Daily

30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/17 7:34PM EST