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Mortgage Rates Rise a Bit Despite Market Improvement

Mortgage rates were very slightly higher today. That's counterintuitive because bond markets were slightly stronger, and that almost always coincides with rates moving lower. All of this requires a caveat though: we're talking about very small movements. In fact, we're not even really dealing with a change in the contract interest rates themselves--merely the upfront costs (or credit) associated with those rates. In other words, you'd almost certainly be quoted the same contract rate today vs yesterday, but with microscopically higher closing costs (or a lower lender credit). Most lenders are in the 3.5-3.625% range on conventional 30yr fixed quotes for top tier scenario--in line with 3 year lows.

While it is true that rates can exhibit this "sideways at the lows" behavior before continuing to even lower levels, it's just as much of a risk that rates are running into a bit of a floor here. As such, locking is an easy call here, given that rates are at 3-year lows. Risk tolerant borrowers would also be justified in waiting to see how things shake out (i.e. waiting to lock) as long as they accept the possibility of being forced to lock at a slightly higher rate if markets move against them. Yes, that sounds obvious, but the point is to decide on a limit of rate movement before accepting the defeat. For instance, if my rate is x today, I will lock if rates move to x+.125%.

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National Average Mortgage Rates



	Rate	Change	Points
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