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Mortgage Rates Drift Higher Ahead of Jobs Report

Mortgage Rates were slightly higher today, keeping them in line with the weakest levels in just over 5 months. "Weakness" is relative, however. Apart from the past 5 months, and a few months in 2012, today's rates would rank among all-time lows. Day-to-day movement hasn't been extreme for the past few days, with most lenders continuing to quote 3.625% on top tier conventional 30yr fixed scenarios, and merely making small adjustments to the upfront costs depending on market movement.

Volatility could increase tomorrow, following the Employment Situation. This "jobs report" is the **biggest piece of economic data** that comes out on any given month, in terms of its market-moving track record. It's typical potency is likely limited by the election and broader global concerns that will be addressed in early December. Even so, if the jobs report comes in significantly higher or lower than forecast, it can still cause a big stir in financial markets, potentially making tomorrow's rate sheets noticeably different from today's.

Markets are **tense and anxious** at the moment. It's not an environment conducive to lender risk-taking. While it is possible that rates could improve if tomorrow's jobs report is significantly weaker than forecast, it continues to be the case that lenders will be slower and more tentative in passing along market improvements on mortgage rate sheets. Bottom line, floating one's rate has a **smaller than normal reward** for the same amount of risk.

Today's Best-Execution Rates

- 30YR FIXED - 3.625%
- FHA/VA - 3.25-3.5%
- 15 YEAR FIXED - 2.875%
- 5 YEAR ARMS - 2.75 - 3.25% depending on the lender

Ongoing Lock/Float Considerations

- Rates have generally been trending higher since hitting all-time lows in early July
- Clearly-defined uptrends provide higher-than-average motivation to lock

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: 9/1 7:34PM EST

- Risk-takers can try to time the dips in rates that may occur during that broader uptrend, but the reward for good timing generally isn't worth the risk in these situations.
- We'd need to see a sustained push back toward lower rates (something that lasts more than 1-3 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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