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Biggest 1-Day Mortgage Rate Spike in 2 Years

Mortgage rates **were crushed today**, moving higher at the fastest single-day pace since 2013. The average lender saw a full eighth point hike in 30yr fixed rates today, which roughly equates to 1 point in terms of upfront cost (1% of the loan amount). Movement of this magnitude is not common. There are only 14 other days in the past 5 years that have been this bad or worse.

Being among the top 15 days of the past 5 years puts it in a special category of days that are completely different from the average "very good" or "very bad" day. It takes a certain level of capitulation, panic, and momentum to break through the average day's range of rate movement. Once that happens, the follow-through **almost defies logic**, much like histories biggest volcanic eruptions are nothing like thousands of uneventful examples of some terrestrial substance leaking timidly out of a hole in the ground. Like the volcanoes, these awe-inspiring eruptions in volatility can be **beautiful or terrible**. Today we got the terrible kind.

How about a **bit of perspective?** I'll paraphrase the reaction that most old people have when seeing some internet whippersnapper talk about how much higher rates moved. "An eighth of a point?! Bah! That's Nothin'! Why, when I was your age, mortgage rates only went one direction--UP! And they went up 2 times on Sundays! You're upset that rates moved up to the 'low fours?' We were THANKFUL when rates made it back down to the 'low fourTEENS' in my day!"

Yes, old person, rates were higher in the 80's. I understand that you are indignant about any move in the low fours being considered 'dramatic,' but it is a different time, socioeconomically speaking. The generation facing 18% rates in the early 80's was a lot happier about it than the current generation is about facing--well... anything that has to do with a house payment. With prices and rents where they are relative to many incomes, all that matters is that today is a big jump from yesterday. If you really want to put this in perspective, you could point out that an eighth of a point change in rates **comes out to about $14/month on a $200k loan**.

So what now? I'll go back to what I said yesterday afternoon: "the highest potential for volatility begins tomorrow morning and **only increases** heading into Friday's employment data." The third bullet point in the ongoing lock/float considerations isn't a bad one to keep in mind either.

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.35	-0.16
MBS GNMA 5.0	99.91	-0.04
10 YR Treasury	3.9039	+0.0424
30 YR Treasury	4.1932	+0.0468

Pricing as of: 8/30 5:59PM EST

If you want to know more about the source of inspiration for today's movement, check out the latest MBS Commentary or Housing Newsletter.

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