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Mortgage Rates Definitely Not at Long-Term Lows

Mortgage rates were slightly higher today, and that leaves them much higher than the long-term lows seen 2 weeks ago. Of course "much" is a relative term, and in this case, it pertains to the sticker shock that a rate shopper would have today versus, say, February 11th, when rates hit 2-year lows. Specifically, it could cost you more than a thousand dollars on a \$200k loan to get back to Feb 11th rates. The news is far less dramatic if we focus on the fact that today's rates are only about an eighth of a percentage point higher on average.

Still, an eighth of a point is a big deal **if you follow rates closely**, looking or waiting for an opportunity to lock. It's an even bigger deal when every major media outlet is saying that rates hit long-term lows TODAY. Again, long term lows were hit on Feb 11th, and Feb 11th is not today!

Read a bit into the methodology of the report behind the glut of news stories proclaiming today's long-term lows and **things become clear**. Freddie Mac's widely-cited weekly mortgage rate survey only accepts responses from Monday through Wednesday. Most of the folks who are going to respond have done so by Tuesday afternoon. That means the weekly rate figures are really just the "Monday/Tuesday average." And it just so happens that Feb 11th was a Thursday--as far away from the Mon/Tue time frame as you can get (in terms of business days).

Long story short, Freddie's numbers failed to capture the insane rates available at the end of that week (Feb 10th-12th) and thus had room to continue trickling lower over the next 2 weeks. **What does it all mean?!** Nothing too serious. Just know that if you got a rate quote on one of the several days during the past few weeks with extremely low rates, you will NOT necessarily be able to get the same rate today, even though your buddy sent you an article saying "lowest rates in a year" with today's date on it.

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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