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Mortgage Rates Recover After Flynn Headlines

Mortgage rates were at their **highest** levels in roughly 1 month as of yesterday afternoon. That ran counter to many of the mortgage rate news stories that came out throughout the day due to said stories using Freddie Mac's Primary Mortgage Market Survey as source material (a longstanding survey that accurately tracks rates over time, but often fails to account for near-term volatility).

Accounting for near-term volatility is tricky business for mortgage lenders this week--especially over the past 3 days. Wednesday and Thursday saw rates spike quickly higher as the Senate's version of the tax bill looked increasingly likely to pass. In general, the tax bill is good for stocks and bad for bonds.

By far and away, the week's **biggest market** mover landed today in the form of headlines regarding former Security Advisor Flynn pleading guilty to charges that he **lied to the FBI** about conversations with a Russian ambassador. This led financial markets to entertain the possibility that Flynn struck a plea deal in order to implicate Trump in the case. While that hasn't happened yet (and it may never happen), it resulted in a **massive** move lower in bond yields in the middle of the day--one that led nearly every mortgage lender to adjust rates lower from this morning's levels.

The result is an average 30yr fixed rate that's slightly lower than Wednesday's, but slightly higher than Tuesday's. In the bigger picture, rates are **still under general pressure** from the tax bill (which is likely to pass the Senate and move to the reconciliation process with the House. It's when that reconciliation process succeeds or fails that we'll see the biggest reaction in rates markets (and stocks for that matter).

Today's Most Prevalent Rates

- 30YR FIXED - 4.0%
- FHA/VA - 3.75%
- 15 YEAR FIXED - 3.375%
- 5 YEAR ARMS - 2.75 - 3.25% depending on the lender

Ongoing Lock/Float Considerations

- 2017 had proven to be a relatively good year for mortgage rates

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

despite widespread expectations for a stronger push higher after the presidential election in late 2016.

- While rates remain low in absolute terms, they've moved higher in a more threatening way heading into the 4th quarter, relative to the stability and improvement seen earlier in 2017
- The default stance for now is that this trend toward higher rates has the potential to continue. It will take more than a few great days here and there for that outlook to change.
- For weeks, this bullet point had warned about recent stability inviting a bigger dose of volatility. That volatility is now here. As such, locking is generally the better choice until the volatility is clearly dying down.
- *Rates discussed refer to the most frequently-quoted, conforming, conventional 30yr fixed rate for top tier borrowers among average to well-priced lenders. The rates generally assume little-to-no origination or discount except as noted when applicable. Rates appearing on [this page](#) are "effective rates" that take day-to-day changes in upfront costs into consideration.*

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