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Mortgage Rates Drop to 4.5-Month Lows on Virus Fears

Mortgage rates moved meaningfully lower over the past 2 days as panic over the coronavirus outbreak continues affecting financial markets. If this epidemic ends up being similar to SARS in 2003, it ultimately won't be worth as much of a drop in interest rates as we've seen so far. But the thing about brand new strains of deadly viruses is that neither the market nor the medical community knows exactly how this will unfold. Until that picture becomes clearer, the market is preparing for more dire outcomes.

For whatever it's worth, the timeline of the SARS outbreak spanned 2 calendar years (2002 - 2004) but the most notable market impact was confined to the space of a single month (March 2003). We'll be a week into February before the current epidemic reaches a similar milestone. I'm basing that on the virus being identified as "novel" back on January 9th. If we start the clock at the beginning of the current week (when markets really began to respond to virus-related news), we've only just begun to move lower in rate.

That's a very scary thing to type and think. With mortgage rates at 4.5 month lows, there should be a voice in everyone's head saying "they're going to have a hard time going lower than that." That's my first instinct as well, just as almost everyone had the instinct rates were very likely heading higher in 2020. That's the thing about markets (which ultimately dictate mortgage rates): when too many people are making the same bet, the other bet can end up being the winner. In this case, however, I would guess we'll see a linear and logical relationship between the spread of coronavirus and rates, all other things being equal.

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National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	0.00
Freddie Mac			
30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/3

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.19
MBS GNMA 6.0	100.53	+0.14
10 YR Treasury	4.3602	-0.0724
30 YR Treasury	4.5297	-0.0761

Pricing as of: 7/3 5:59PM EST

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With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

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