

Mortgage Rates Mostly Steady And Still Very Low

It seems almost **melodramatic** to refer to any **modest** increase in **mortgage rates** these days. If we were to go over each lender's rate sheet with a fine tooth comb today, indeed we'd likely find the average is just microscopically higher. But higher from WHERE? With the very best scenarios seeing 30yr fixed rate quotes of 3.0% or below, it's hard to spend too much time lamenting any modest day-over-day increases.

Beyond that, most of the recent movement has been very small--**too small to measure** in terms of changes in the actual interest rate you'd be quoted. Instead, there could simply be a minor adjustment in the upfront costs (origination, discount, or lender credit toward closing costs, depending on the scenario).

All that to say **times are good for mortgage rates**, and when momentum pushes in the other direction, it hasn't been in an overly threatening way. Today, with the average lender in roughly the same shape as they were on Friday. Incidentally, that's great shape! When it comes to the best-case scenario conventional 30yr fixed quote, rates are still very close to the all-time lows seen two weeks ago. Scenarios with additional risk factors (jumbo balances, lower credit, lower equity or investment properties), the landscape is far more varied. For those scenarios, rates are much farther away from all-time lows.

Will rates be able to remain at these levels or perhaps even set new all-time lows? More and more, this **depends entirely** on the course of a potential "2nd wave" of coronavirus impacts. This seems to be far more of an issue for some states than others right now. If we see resurgences in states that had already clearly turned the proverbial corner, the reaction in financial markets would be more pronounced.

Simply put, if too many people end up dead or in the hospital due to COVID-19, interest rates would likely stay low or even improve. The opposite logic doesn't perfectly apply. Rates can avoid a massive spike even if coronavirus numbers gradually improve.



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