MORTGAGE RATE WATCH
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Mortgage Rates Continue at All-Time Lows, But Caveats Remain

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Mortgage rates were unchanged to slightly lower today, bringing the average lender right in line with **all-time lows**. Averages aside, several lenders are slightly higher than they were on Friday. Either way, the movement was minimal over the weekend. Beyond that, no conversation about all-time low rates would be complete without several of these recently relevant caveats:

1. **Different borrowers will see different pricing.** This sort of goes without saying, but it's much more pronounced than it has been before coronavirus. Specifically, we're talking about the big differences in mortgage rate quotes for borrowers with certain combinations of risk factors. These include things like investment properties, cash-out, higher loan-to-value ratios, and the like. The all-time low rates seen in 2012 (and almost again in 2016) were much lower than what these off-the-beaten path scenarios are seeing today.

2. **It's all about coronavirus.** The market is hanging on every major update on covid-19 case counts (focusing on positive test rates and hospitalizations). These are then balanced against the extent to which the state/county in question has lifted quarantine measures. If it looks like the economy can slowly lurch back to business, rates will feel pressure to move higher. If it looks like coronavirus retains the upper hand, rates could continue inching toward more all-time lows.

3. **Mind the gap.** There's been a very wide gap between mortgage rates and what the bond market says mortgage rates should be--much wider than any pre-coronavirus time period. That allowed mortgage rates to fall even as Treasury yields were flat to slightly higher over the past 2 months. That gap has largely been closed now, so mortgage rates are playing on a more level playing field now (i.e. if bond yields move higher, mortgage rates are more prone to follow moving forward).


8%
6%
4%
2%
0%
2016
2018
2020
2022
2024
30 Yr. Fixed
15 Yr. Fixed
30 Yr. FHA
30 Yr. Jumbo
5/1 Yr. ARM