MORTGAGE RATE WATCH

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Mortgage Rates Staying Fairly Steady

Mortgage rates **haven't moved much** so far this week and they were surprisingly steady at the end of last week despite volatility in the underlying bond market. What does the bond market have to do with rates? Typically everything! But times are a bit different right now for a few reasons.

The **most pressing consideration** for mortgage rates in recent weeks has been the introduction, delay, and impending reintroduction of a new fee that will apply to all conventional refinances. That fee effectively raises rates by 0.125-0.25%. The damage was even bigger at first due to the way it was implemented. As such, when the fee was delayed 2 weeks ago, it allowed lenders to improve mortgage rates regardless of bond market volatility.

In the **bigger picture**, mortgage rates have already encountered quite a bit of resistance as they've repeatedly pushed into record low territory. The easiest way for lenders to avoid being overwhelmed by new business is to push rates higher.

The combination of the delayed fee and a friendly move in the bond market that persisted for most of last week meant that lenders were once again **approaching recent lows**. With loan originators doing a good job of encouraging their borrowers to get loans locked before the fee comes back, lenders are once again seeing heavy volumes. As a result, it was no surprise to see rates express some reluctance to improve by the end of last week.

On the bright side, lenders had room in profit margins to keep rates **a bit lower today** than they otherwise would have been (due to bond market movement... you know... that thing that doesn't really matter right now!). The net effect is a fairly flat trend for the average lender with top tier scenarios seeing quotes under 3% for conventional 30yr fixed loans.

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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