

MORTGAGE RATE WATCH

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Mortgage Rates Generally Unchanged, Which is Great News All Things Considered

This morning's weekly survey data from the Mortgage Bankers Association showed a nice increase in refinance applications offset by a smaller decrease in purchase applications. It also showed mortgage rates falling to a **new all-time low** last week. Don't worry, rates **didn't** really hit an all-time low last week, nor are they at an all-time low today. **Are they close?** Perhaps for purchase mortgages at certain lenders, but even then, early August was unequivocally better. Apples to apples (same lender, same loan type), rates were anywhere from .125-.375% lower 2 months ago.

Why am I telling you something different than the MBA? They're relying on weekly survey-based data that includes plenty of purchase mortgage rates while I'm looking at rates from multiple lenders every day, weighting for volume and loan type. In short, these sorts of discrepancies happen given the different methodologies. The weekly surveys do a decent job of providing general rate momentum, but my data will give you a better idea of when an all-time low **actually** occurred and how far away we currently are.

On top of that, I'm also in the habit of commenting on **general trends in rates**--a rather unpleasant task in October so far. Since September 30th, the bond market (which dictates rate momentum) has been in a negative trend. In other words, it's pointing toward higher rates. The mortgage-specific part of the bond market is doing a bit better than bonds overall. For instance, 10yr Treasuries just hit their worst levels in more than 3 months. Mortgage-backed bonds, however, are still closer to their best levels over the same time frame.

What does this mean for you? Simply put, it affords the mortgage market more stability. Mortgage rates need not rise as quickly as Treasury yields. Nonetheless, it's important to consider that a big enough dose of Treasury weakness will eventually bring mortgages along for the ride.



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