

Mortgage Rates Flat to Begin The Week--Still Not At All Time Lows

For some unknown reason, there were additional articles over the weekend touting "all-time low mortgage rates." Underpinning these alleged rates is primary data that was released on Wednesday and Thursday last week. In short, the two weekly survey-based mortgage rate indices agreed that best-case-scenario rates were at all-time lows. To be fair, they're not terribly far off base. "Best-case scenario" rates are indeed pretty close to all time lows. The methodology limitations of the surveys could easily explain how they each missed the actual all-time lows that occurred in early August and are thus seeing slightly lower rates now.

But do keep in mind that a refinance transaction can **no longer** be viewed as a best-case scenario due to the new adverse market fee applied to all almost all refis. In short, purchase rates are pretty close to all-time lows (but definitely not all the way back there yet) and refi rates are clearly well above all-time lows. How far above? That depends on the lender, but using a few of the most prevalent lenders as examples, each of them has refi rates that are at least 0.25% higher than they were on August 4th.

The bond market (which underlies day-to-day rate movement) started the week off on a downbeat note. Losses **weren't** huge, but they were disappointing nonetheless considering the big losses in stocks. Oftentimes, big stock losses will lead investors to move money into safe havens (like bonds). The excess demand for bonds makes bond prices go up which, in turn, causes yields (aka "rates") to fall. But we got none of that today from the stock sell-off. This could be a sign that rates will continue to be reluctant to move lower until some of the uncertainties in the road ahead are cleared up.



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