

Mortgage Rates Match 7-Week Lows

Last Thursday was the **best day for mortgage rates** in more than a month, and while they bounced back up on Thursday afternoon, they've been falling modestly since then. Yesterday got us close to last Thursday's lows. Today helped us match them. That means today's rates are the lowest in exactly 7 weeks. You'd have to go back to March 2nd or 3rd (depends on the lender) to see anything lower.

What have the swings been like over this time? **Not** insignificant, actually! The average conventional 30yr fixed rate rose by **0.25%** in March and has fallen by as much in April. Please note, however, that the things can vary quite a bit depending on the specifics of your scenario and the rate itself. Due to the structure of the bond market that underlies mortgage rates, lender compensation does NOT change in a linear way as rates rise and fall.

For instance, the difference in upfront cost (or lender compensation) between rates of 3.00% and 3.125% is roughly half a point (**\$500** for every \$100k of loan balance). The cost gap jumps up to 0.8 points when moving between 2.875 and 2.75%. In other words, the lower your rate was to begin with, the less likely it is that you're seeing all of that 0.25% drop since March 31st.

In terms of strategy, we've definitely **exited** the relentlessly negative trend that dominated the first 3 months of the year. The current, less volatile environment could persist for days, weeks, or even months. The longer it lasts, the wider the range would be. On the other hand, it's just as valid to view the past 4 weeks as a much-needed intermission in a drama that will continue to play out into the end of 2021. Bottom line, there's **more room** for hope at this point, but still **no room** for complacency.



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