Mortgage Rates Barely Budge Yet Again

This week's theme has undoubtedly been the extreme absence of volatility in the rate market. Whether we're looking at mortgage rates themselves or a broader rate benchmark such as 10yr Treasury yields, both are right in line with Monday afternoon's latest levels.

What's up with that?

The bond market (which dictates rates) requires a steady stream of motivation if it's going to inspire noticeable changes in rates. Sometimes several sources of motivation cancel each other out. Other times, the stream simply gets a bit dry, as is the case this week.

It won't stay dry though. By the end of next week, the market will have had a chance to digest several new, important economic reports. Those reports are always worth some potential market movement. In this case, we're even more likely to see a noticeable reaction simply because the flat conditions make traders that much more eager to identify (and react to) clues about the next move.

Gregory Pavlich
President, Resource Mortgage Corp
www.rmcboulder.com
P: (303) 444-1200
M: (303) 717-1359
1221 Pearl St
Boulder CO 80302

In nuts and bolts terms, the average lender remains in the mid 6% range for a top tier conventional 30yr fixed mortgage scenario. Be aware that "points" (or "discount points") currently buy a bigger drop in rate than normal. The average lender would earn the same income on a 6.625% rate as they would at 6.125% with one additional point (i.e. 1% of the loan amount paid upfront). That's roughly twice as much bang for the buck as a discount point normally has.