MORTGAGE RATE WATCH
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Mortgage Rates Basically Flat at 2-Month Lows

Mortgage rates may have spiked to the highest levels in roughly 8 months two weeks ago, but they fully recovered as of last Thursday. Since then, very little has happened and even less has changed about the average 30yr conventional rate for top tier scenarios.

At the recent highs, many lenders were well into the 7% range. Some are still over 7%--especially for quotes that don't rely on upfront costs to bring the rate down. As always, the prevailing rate should be thought of in 2 parts:

1) the "note rate" that applies to the principal balance and dictates the monthly payment

and

2) the upfront costs (whether in the form of origination or discount points) that go to the lender in order to secure a lower rate.

Those upfront costs are either paid out of pocket or added to the loan balance, so they should be considered in any attempt to track rate changes in an environment where they are as prevalent as they are now (i.e. much more prevalent than historically normal).

All that to say that there is a WIDE variety of mortgage rates out there. A lender quoting 6.625% with 1 discount point is actually making more money than a lender quoting 7.125% with no points!

The sideways vibes will likely begin to subside by next week's Fed announcement--not because the Fed will surprise anyone by hiking rates one more time, but because the market wants to hear from Powell if the collective assessment of the inflation outlook has changed in the past 6 weeks. From there, the incoming economic data in the following 2 weeks will be used to determine if rates need to revisit recent ceilings before embarking on what everyone hopes is a steady grind back toward more livable levels.

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