

Mortgage Rates Are Actually Much Lower This Week

Last week, there was a curious, but not uncommon juxtaposition of widespread headlines claiming "lower mortgage rates" and our own headlines suggesting one of the biggest weekly jumps in years. Neither were incorrect, but only one was timely.

Survey-based, weekly data served as fuel for the "lower rate" headlines because it failed to capture most of the rate spike. The methodology, which relies on averaging, allowed the longer-term low rates at the end of the previous week to greatly offset the much higher rates that were already starting to show up. In other words, it was both stale, and distorted by averaging.

In day-to-day terms, the timing was perfect. Friday the 4th marked long term lows. Friday the 11th marked the highest levels since February. Rates were unequivocally higher.

This week's Freddie Mac and MBA survey data has caught up to that reality with both showing very large increases. Once again, the timing and methodology mean those numbers are more of a retrospective. The average lender is now well off last Friday's highs, even if nowhere near the previous Friday's lows, thus bringing the daily and weekly numbers into better alignment on the chart, but for completely different reasons.

In other words, daily averages are back in the high 6's because they fell nicely from the low 7's. Weekly averages are in the high 6's because they jumped significantly from the mid 6's.



Scott Green

Home Loan Consultant,
Monument Mortgage
Group

P: (602) 971-0544 x1

M: (602) 577-8311

scott@scotthelps.com

21501 N. 78th Ave #100

Phoenix AZ 85382

Company NMLS #2512600

Individual NMLS #155901



David Rickey

Home Loan Consultant,
Monument Mortgage
Group

www.azmonument.com

P: (602) 971-0544 x2

david@azmonument.com

21501 N. 78th Ave

Peoria AZ 85382

Company NMLS # 2512600

Individual NMLS #1493357

30yr Fixed Mortgage Rate Indices

--Freddie Mac Weekly Survey

--MND.News Actual Daily Avg.

--MBA Weekly Survey



The improvement in rates is very welcome news considering the uncertainty in play at the end of last week. In not so many words, the Trump Administration's response to last week's market volatility helped to defuse the more dire risks that bonds had begun to account for earlier in the week.

Despite the traction, uncertainty remains a factor until the policy path is more finalized. The biggest unknowns surround the economic impact of tariffs--both in terms of potential inflation (bad for rates) and economic weakness (good for rates). This is why Fed Chair Powell said that the Fed's mandates are currently in tension during an appearance this week. Specifically, the anticipated economic impact suggests the Fed cut rates while the anticipated impact on inflation suggests higher rates.