MORTGAGE RATE WATCH
Daily Coverage. Industry Leading Perspective.

Mortgage Rates Lower Today, But in a Narrow Range

After hitting long-term highs on May 19th, mortgage rates dropped somewhat quickly by May 26th. Ever since then, they've been moving back and forth in a very narrow range. Today's movement happened to be the good kind with the average lender cutting top-tier 30yr fixed rates by 0.03%.

As always, keep in mind that mortgages are most commonly offered in 0.125% increments. When our daily rate index changes by only 0.03%, it's because we are also measuring the underlying costs associated with any given rate and extrapolating the relative impact on interest rates.

To use a crude example, let's consider two different hypothetical rate quote options yesterday and today.

- Yesterday
  - 6.625% at a cost of $12 upfront
  - 6.50% at a cost of $24 upfront
- Today
  - 6.625% at a cost of $9 upfront
  - 6.50% at a cost of $21 upfront

Now pretend you only have $15 to spend for closing costs. You still can't afford to buy your rate down to 6.5%, and you'll still be choosing the 6.625% quote. But while the interest rate portion of your quote didn't change, the actual interest cost improved. Our index captures and expresses these improvements in a single number.

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