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Mortgage Rates Lowest in Weeks

BY MATTHEW GRAHAM

Mortgage Rates continued steadily lower today, adding to a string of improvements that brings them to their best levels in more than 2 weeks. Rates have now re-entered the narrow "post-Brexit" range that began shortly after the UK's vote to leave the European Union sent rates plunging toward all-time lows.

Our current position is precarious in the bigger picture. Market movements (specifically, bond markets) underlie mortgage rate movement. When it comes to market movements a narrow range like that seen in the wake of Brexit is typically followed by a more convicted move in one direction or the other. The direction tends to be that of the first major break of the range. Because the first major break was toward higher rates, we could say that markets are "**breaking the rules**" if rates now attempt to reenter the range and move lower.

Yet here we are, back in the range. We can cross our fingers and hope that this is a case of bbthe rules being broken, but it's still risky to flat-out PLAN on improvements simply because we've lucked out this week. That's not to say that risk-takers couldn't be rewarded, but if you float, **be sure** to set a limit as to how high rates could go before you'd lock to avoid further losses.

Loan Originator Perspective

With the 10 year unable to break back below 1.60, tried yesterday and today and failed, not sure there is much benefit to floating. However, I am not a fan of locking on a Friday. If the 10 year can hold 1.63 today, I would float over weekend and look at locking Monday. If we break 1.63 today, I would inclined to lock. -**Vicor Burek, Churchill Mortgage**

Today's Best-Execution Rates

- | 30YR FIXED - 3.375- **3.5%**
- | FHA/VA - 3.25%
- | 15 YEAR FIXED - 2.75%
- | 5 YEAR ARMS - 2.75 - 3.25% depending on the lender



Russell Grether

**Russell Grether &
Associates**

malibuluxuryrealty.com

russell@compass.com

Phone: (310) 994-4247

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Ongoing Lock/Float Considerations

- | In the biggest of pictures, "global growth concerns" remain the driving force behind the long-term trend toward lower rates
- | Amid that trend, periodic corrections toward higher rates can and will happen. These can happen for no apparent reason, or they can be brought on by changes in expectations surrounding central bank policy at home and abroad, as well as geopolitical and systemic risks
- | Time horizon and risk tolerance are 2 variables to consider when it comes to locking. If you have plenty of time and don't mind losing some ground, set a limit as to how much higher rates could go before you'd lock to avoid further losses, and then float in the hopes of never seeing that limit.
- | In the shorter-term, it's always good to look for lock opportunities after rates have been moving lower or sideways repeatedly, especially if they've since begun to move back up in any sort of consistent way.
- | *As always, please keep in mind that the rates discussed generally refer to what we've termed 'best-execution' (that is, the most frequently quoted, conforming, conventional 30yr fixed rate for top tier borrowers, based not only on the outright price, but also 'bang-for-the-buck.' Generally speaking, our best-execution rate tends to connote no origination or discount points--though this can vary--and tends to predict Freddie Mac's weekly survey with high accuracy. It's safe to assume that our best-ex rate is the more timely and accurate of the two due to Freddie's once-a-week polling method).*

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