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How Low Can Mortgage Rates Go?

Mortgage rates are **on a tear**. In the bigger picture, 2019 has been the best year in more than a decade. Only 2002 was arguably on the same level in terms of the move from peak to trough. If we include late 2018's higher rates the overall move is now bigger than the one seen in 2008/2009.

While someone somewhere might be willing to draw a few parallels, 2019 is nothing like 2009. In other words, trade war fears and global growth concerns (which deserve most of the credit for the downward momentum in rates) are nothing like the financial crisis and Great Recession. Why, then, have the current motivations packed such a punch?

The **biggest reason** for the size of 2019's move is the extent to which rates were arguably "too high" at the end of 2018. It's really that simple. There was a lot of defensiveness in play with respect to how high rates might go--so much that traders lost sight of what was sustainable or logical. Simply put, there are reasons for rates to be at current levels. The starting point in late 2018 means they've had to traverse a great distance to get there.

Can rates go lower from here? History suggests it's possible on two fronts. First off, they've been a bit lower in the past--both in 2016 and 2012. Beyond that, the 2011/2012 drop in rates was actually a bit bigger than the current example. If we manage to match the magnitude of that move, rates could easily break all-time lows. That's by no means a prediction--just a bit of perspective. If anything the size and duration of the rate rally suggest greater risk of rates bouncing higher. Until then though.... Enjoy!

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National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.51%	+0.01	0.00
15YR Fixed	7.04%	+0.01	0.00
30YR FHA	7.08%	+0.03	0.00
30YR Jumbo	7.52%	+0.02	0.00
7/6 SOFR	7.12%	-0.01	0.00
30YR VA	7.10%	+0.03	0.00

Rates as of: 11/16

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.72	+0.02
10 YR Treasury	5.1286	-0.0056
30 YR Treasury	5.4758	0.0000

Pricing as of: 11/16 7:40PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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Responsive service, experienced expertise

I've dedicated my 26 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

Ted Rood 

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