MORTGAGE RATE WATCH
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Mortgage Rates Are Still Amazing, But Improving at a Slower Pace Now

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Mortgage rates have been holding a **very narrow** range since July 9th. They also hit new all-time lows on July 9th. A few of the days since then have been slightly better and--less frequently--slightly worse, but any one of them is noticeably better than anything before July 9th. This is the new reality of the mortgage market after coronavirus. It will continue to be the reality until it's not anymore, and the deciding factor there will likely be progress against the pandemic.

There are **other considerations** as well. Chief among these is the correlation between mortgage rates and the broader bond market. When rates first began to fall to all-time lows in March, US Treasuries (our representative of "the broader bond market") moved lower much faster. That didn't matter much to anyone watching mortgage rates because they were still moving lower at a great pace. It also set the stage for mortgage rates to be able to fall even as Treasuries held steady over the past few months.

Why is this a big consideration? Simply put, mortgage rates have more or less exhausted their ability to move lower even when the broader bond market suggests rates should be flat. That's one of the reasons we haven't seen much of an improvement over the past 6-7 business days.   It also means that we'll be playing with a bit less of an advantage going forward. Bottom line: mortgage rates' fate is now more directly tied to the broader bond market and the economic recovery (which in turn remains inextricably tied to the fight against coronavirus).