

## Mortgage Rates Fall Nicely, But The Going Gets Tougher From Here

**Mortgage rates** improved nicely overnight. The average lender's morning rates were very close to the **lowest levels ever**. This was a distinct possibility based on yesterday afternoon's bond market movement.

Mortgage rates are most directly influenced by mortgage-backed bonds which trade thousands of times a day. It's not feasible for mortgage lenders to change rate quotes that frequently. Instead, they wait for the market to move by a certain amount before making any changes. By yesterday afternoon, we'd **clearly** seen enough movement as several lenders had already updated rates for the better.

For others, however, it was **too late** in the day, thus leaving the market improvements to be priced into this morning's rate sheet offerings. The only risk to that gameplan was that bonds could move enough overnight to cancel out yesterday's improvements. Thankfully that didn't happen and thus the day began with smokin' low rates.

Over the course of the day, bonds improved a bit more, but not by a significant amount. At this point, a lender's ability to handle the volume of business is **as big** of a consideration in setting rates as anything. It takes time to clear pipelines, so it will take time for the currently stellar mortgage bond levels to translate to another round of resoundingly lower all-time lows.



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