

# MORTGAGE RATE WATCH

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## Biggest Jump in 2 Months For Mortgage Rates

With most lenders still easily able to quote a **30yr fixed under 3%**, mortgage rates are very low in outright terms. But relative to the recent trend and the general level of volatility, today was a bit rough. Rates rose as fast as they've risen since early June, ultimately hitting the highest levels in more than 2 weeks.

Some prospective borrowers will now be looking at an **eighth of a point (0.125%) increase** versus yesterday's rates. That comes out to roughly \$20/month on a \$300k mortgage. Others will experience the shift in the form of higher upfront costs (or a lower lender credit). Either way, today is noticeably more expensive than yesterday.

The bigger question is whether this rate spike is a sign of things to come or merely a normal market correction that got a bit carried away. At some point, the bond market will make a clear case for higher and higher rates. Most market participants agree we're **probably not there yet** simply due to economic realities as well as ongoing support from the Federal Reserve.

All that having been said, "market participants" don't have crystal balls. Their guess is actually no better than anyone's. We'll only **really** know when the big bounce happens with the benefit of hindsight. Between now and then, days like today should serve to increase our level of **caution** when it comes to assuming rates will continue to move lower. Also, it should argue for an increased level of **preparation** so we can make sure we can take advantage of opportunities to capitalize on any potential rate recovery.



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