

# MORTGAGE RATE WATCH

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## Mortgage Rates Mostly Flat Despite Stronger Bond Market

Mortgage rates are mostly determined by the trading levels of mortgage-backed bonds on the open market. When those bonds improve, mortgage rates move lower, all other things being equal. For a variety of reasons, that typical relationship has been hit and miss on any given day since the pandemic began. Today is a milder example. Bonds improved, but the average mortgage lender is offering rates that are **nearly unchanged** versus yesterday.

The trade-off is that mortgage rates stayed **much lower** than the bond market suggested for most of the rest of the month of October. In other words, mortgage rates have been hesitant to move higher OR lower relative to the bond market's suggestion.

All that having been said, broad trends in the bond market are still important. The more bonds move in the same direction, the more mortgage rates will **eventually have to comply**. At the moment, there's a potentially positive shift in the works. Bonds have had a pretty bad October, but this week has been much stronger by comparison--at least if the first 2 days are any indication. That trend would need to continue if we're to see any meaningful improvement in rates.



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