Mortgage Rates Continue Defying Bond Market Weakness

Although it was the focus of yesterday's discussion, the ability of the mortgage market to hold steady in the face of bond market weakness **continues to impress**. This is interesting because mortgage rates take direct cues from the bond market. That's still the case, but at the moment, the mortgage side of the bond market is playing with a **stacked deck**. If Treasuries are only a little bit weaker on any given day (like today), mortgage bonds and mortgage rates have been consistently holding their ground or actually improving.

Today was more of a "ground-holding" sort of day, but it depends on how any given lender responded to **yesterday's** bond market weakness. Those who adjusted rates higher yesterday were generally in slightly better shape **today**. Those who abstained yesterday were offering slightly higher rates today.

Regardless of the movement, the average lender remains **very close to all-time lows** and well under 3% for most top tier conventional scenarios. Purchases offer the best rates, followed by no-cash-out refis. Adding a cash-out option takes the average rate closer to 3%, but it takes additional risk factors like non-owner occupancy, lower FICO, or lower equity to see quotes over 3%.

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