MORTGAGE RATE WATCH
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Mortgage Rates Continue Healing, But Remain Well Above Recent Lows

Mortgage rates had **another solid day** today--this time without any of the early drama seen yesterday. If you're just getting caught up, the bond market (which drives day-to-day interest rate movement) has been selling off aggressively since the Jan 5th Georgia senate election. When bonds sell-off, it means bond PRICES are getting lower and bond YIELDS (aka RATES) are getting higher. The GA election sparked the move because it gave democrats total control of the government, thus making it easier to pass legislation--especially as it concerns some sort of upgrade to the most recent round of covid-relief stimulus.

Covid-relief stimulus may do great things for people in the short term and for the economy in the longer term, but it does **bad things for interest rates** (assuming you like low rates, that is). Reason being: the government issues/creates/sells US Treasuries to finance the additional spending. More Treasuries issued = higher yields/rates, all other things being equal, and Treasuries correlate significantly with mortgage rates.

The recent rate spike was sharp enough that we should view much of the past 2 days as a normal correction to the short-term oversold momentum. That said, there are logical reasons for rates to continue higher in the longer term. As such, there's **no guarantee** about how much additional improvement we might see this week.

The average lender has recovered **significantly** compared to yesterday morning's levels, but is still nowhere near the rates seen at the beginning of last week.

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