MORTGAGE RATE WATCH
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Yes, Mortgage Rates are MUCH Higher This Week

Volatility has returned to the mortgage market in grand fashion this week with many lenders quoting rates that are as much as a quarter of a point higher than they were last week. That means if you were looking at something in the 2.75% neighborhood on Friday, it could be 3.0% today. **What gives?**

The upward pressure is **nothing new**, really. It has existed in the broader bond market since August, but only recently began spilling over to the mortgage market. We've been discussing the increased risks of such a spillover in the event of a sharper bond market move and yesterday brought just such a move. Today was **much more docile** by comparison, but it didn't do anything heroic to push back against yesterday's weakness.

Still, there could be some **promise of stability** in the fact that the bond market was even able to hold steady today. Reason being: economic data and other events clearly suggested another bad day for bonds. Retail Sales surged at one of the best paces on record and inflation rose abruptly at the producer level. Both of those headlines make strong cases for higher rates, but Treasury yields ended the day slightly LOWER than yesterday. That sort of resilience may be a clue that bonds have **had enough** weakness for now (bond weakness = higher rates, all other things being equal).

Mortgage lenders are **WIDELY stratified** in terms of rate offerings with the more aggressive crowd averaging 2.875% on top tier 30yr fixed refinances and the less aggressive crowd being closer to 3.125% (conventional 30yr fixed).

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