Rates Surge; Time To Adjust Your Mortgage Game Plan

Recovery prospects, renewed focus on stimulus, inflation concerns, a brighter covid outlook, etc... All of these are reasons for an ongoing, gradual trend toward higher rates in 2021 (i.e. general bond market weakness) but none of them really explain why the bond market had its **worst day in months** today specifically. Still, pundits are pointing to the laundry list of usual suspects to explain the move. In their defense, that's all anyone can really do on a day like today. At a certain point market momentum becomes its own justification and bond prices snowball to lower and lower levels.

When bond prices fall, rates rise--a fact which is abundantly clear in comparing today's rates to those seen late last week. The average lender is quoting conventional 30yr fixed rates that are roughly **1/8th of a percent** higher, and that's a huge move for a single trading day.

Is there any **hope on the horizon?** Well, there's always hope, depending on one's definition. In outright terms, the average 30yr fixed rate is still under 3%, so the world (of low rates) is far from over. Additionally, it is true that markets tend to recover after moving quickly in one direction or another, even if that recovery is only temporary. And the recent push toward higher rates certainly qualifies as a quick move.

On the other hand, the broader bond market has been signaling rising rate pressures **since August**. This is just one of the more abrupt days in that process and it comes at a time where mortgage rates are much **less** capable of ignoring bond market cues (something that they HAD been able to do for virtually all of 2020, post-covid).

Long story short, yes, rates really did rise at the fastest pace in months today, and there's no guarantee they'll get back to last week's levels any time soon. **Adjust** your mortgage game plan accordingly.

Jason Wood
Mortgage Advisor & VA Loan Specialist, VA Loan Guy - American Mortgage Network
www.valoanguy.us
P: (760) 350-3989
M: (760) 217-0820
1185 LINDA VISTA DR
SAN MARCOS CA 92078
317293