MORTGAGE RATE WATCH
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Mortgage Rates Finally Catching a Break

In the past 2 **decades**, there have been 6 months where **mortgage rates** rose at least 50 basis points. February 2021 was one of them. Moreover, it was one of only 2 of those months where rates rose without obvious provocation from a significant new, unexpected motivation (the last time that happened was December 2010. The other months were associated with 2013's taper tantrum, the 2016 presidential election, and the market dislocations in March 2020 as covid panic surged).

In other words, it was a **really bad** month for rates--so bad, in fact, that it has increasingly made sense to look for some relief simply because things don't tend to stay that bad for that long. Of course, if there's an exception to how rapidly rates "usually" spike, it has every right to occur after rates have spent an unusually long time prodding a record number of consecutive all-time lows, but it's fair to hold out some hope of reprieve nonetheless. Even if we assume the best possible economic outcomes in the months and years ahead, February's pace feels a bit overdone.

Now financial markets are starting to agree. Treasury yields--a common benchmark for the movement in the bonds that underlie mortgage rates--hit "lower highs" for their 3rd consecutive day today. By the end of it, the 10yr Treasury yield even managed to make a new low versus yesterday. Last but not least, it's the 3rd trading day in a row where yields ended lower than they began (during domestic hours). That's the **first time** that's happened since the end of January, and a hopeful--if not promising--sign that the worst is over for now.

The average mortgage lender recovered almost all the losses incurred since this time last week, bringing their top tier 30yr fixed rate quotes back into the **3.125%** range as opposed to 3.25%+.

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8%
6%
4%
2%
0%
2016
2018
2020
2022
2024
30 Yr. Fixed
15 Yr. Fixed
30 Yr. FHA
30 Yr. Jumbo
5/1 Yr. ARM