

## Mortgage Rates Modestly Lower, But Hoping For More

At this point, no one should be surprised to hear that **mortgage rates** have moved **significantly higher** in 2021--especially in the past few weeks. There are several reasons for this, but the easiest way to make sense of it all is to say "rates were ultra low when covid was at its worst and they've been rising as covid-related risks have been receding." To be sure, there are many other contributing factors, but most of them can be linked right back to the covid narrative.

Taking the big, scary rate spike as read, let's move on to wondering about **what happens next**. All too often in the past 2-3 weeks, there's been a glimmer of hope in the bond market (which dictates day-to-day mortgage rate changes) only for things to get even worse in short order. We've reached another one of those "glimmer of hope" moments now as rates have managed to avoid slipping above their highest levels in more than a year seen last Friday.

With only 2 days of ground-holding, we obviously can't declare victory just yet, but should we even **hope for victory** or just **assume rates will continue higher**?

Yes.

It's more than fine to hope for a reprieve from the recent trend. Just don't **PLAN** on it. Could it happen soon? Certainly. Could rates push even higher before leveling off? Yes, that's at least an equal possibility. Either way, we may learn a lot more about how things will go in the short term after tomorrow's 10yr Treasury auction. This essentially gives the market a chance to vote on whether the recent run-up in rates is sufficient to reflect progress against the pandemic (and progress toward a stronger economy).



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