MORTGAGE RATE WATCH

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Mortgage Rates End High After Starting Day Higher

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Mortgage rates started the day in **bad shape** after significant bond market weakness overnight. Treasury yields rose roughly 0.05%, and that sort of move typically coincides with mortgage rates rising nearly as much. Today wasn't much of an exception. The average lender started out with effective 30yr fixed rates roughly 0.03-0.04% higher than yesterday, which means they were the highest in a year!

Note: when we reference higher **"effective rates,"** it usually means that the costs associated with yesterday's rates have moved as opposed to the rate itself. Those upfront costs provide more of a fine-tuning adjustment.

Today's big to-do was the policy announcement from the Fed--not so much because of any expected policy changes, but rather due to the potential extension of a temporary rule that allowed big banks to **buy more bonds**. Generally speaking, more bond buying = lower rates, all other things being equal.

Fed Chair Powell was asked about this extension in the press conference that followed the announcement, but declined to comment--instead saying that information would be released **in the coming days**. That was good enough for the bond market to recover some of today's lost ground and for multiple mortgage lenders to offer late day price improvements--albeit small ones.