MORTGAGE RATE WATCH
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Mortgage Rate Outlook May Be Improving

Things have been bad for mortgage rates in 2021. That assertion has **nothing** to do with the outright level of mortgage rates--indeed, that's still very low historically--and **everything** to do with the pace and duration of the rate spike. Like many things, there comes a certain point at which things have been bad enough for long enough that they can't help but improve. Have we reached that point with the rate spike of 2021 and is today the proof?

Let's not tempt fate, and let's be **realistic**. As far as rate spikes go, there have been worse examples. In fact, even as recently as 2016, one could argue some of that movement was worse than what we've seen in 2021. And if we go back another few years, there's no question that 2013 was much tougher than the current environment. Things can definitely be worse, and they could still get worse from here.

With all of the disclaimers out of the way, on to the **good stuff.** Both yesterday and today have been reasonably strong and resilient for the bond market. That's a good thing because mortgage rates are primarily driven by day-to-day bond market movement. Perhaps more important than the friendly movement is the fact that bond yields (another word for "rates") have remained under important ceilings since March 18th despite numerous attempts at a breakout. Specifically, we're watching 10yr Treasury yields in the mid 1.7% range. To be fair, Treasuries and mortgage rates have diverged GREATLY in the past year, but Treasuries nonetheless tell us the most when it comes to identifying shifts in broad bond market momentum.

All that to say, the evidence for a supportive shift in the rate environment is beginning to mount. The shift could be underwhelming or short-lived, true. But **almost anything** is better than the first quarter of 2021. Simply drifting sideways at current levels would be a big victory.

As for specifics, the average lender was only moderately better today versus yesterday. The average borrower would see that improvement in the form of slightly lower upfront costs for the same note rates quoted yesterday.

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