

MORTGAGE RATE WATCH

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Mortgage Rates Falling Quickly to Lowest Levels in Weeks

It's no secret that mortgage rates had a rough month in March and a rough year in general. The average lender raised 30yr fixed rates by roughly half a percent in February and March alone. But April has proven to be an **entirely different sort of month** so far. In the past 2 weeks, rates are down nearly a quarter of a point on average. Today played a critical role in the improvement as lenders responded in waves to an exceptionally strong day for the underlying bond market (bonds are the primary driver of day-to-day rate fluctuations).

One of the **most interesting** things about today's move was that the bond market improved AFTER a slew of significantly stronger economic data. That's interesting because the quintessential reaction function in the bond market is exactly the opposite! In other words, stronger data tends to hurt bonds and push rates higher.

So why the break from tradition? That's a **hotly debated** topic among traders and analysts currently. There are several fairly arcane justifications and a few options that are more basic. One thought is that markets were prepared to see even better data due to stimulus payments showing up in the Retail Sales report. The other basic consideration (albeit one that is underpinned by complex nuts and bolts) is that bonds have had such a rough go in the past few months that they were due a bit of reprieve in April.

Whatever the true combination of motivations may be, the results are a welcome reprieve. The results are also an excellent opportunity that **should not be taken for granted** if you're a person who has recently lamented the 2021 rate spike. There's really no telling how long these sorts of "welcome reprieves" will last, and it's still easier to make a case for gradual upward pressure on rates in the bigger picture.



Gregory Pavlich

President, Resource
Mortgage Corp

www.rmcboulder.com

P: (303) 444-1200

M: (303) 717-1359

1221 Pearl St
Boulder CO 80302