Mortgage Rate Watch

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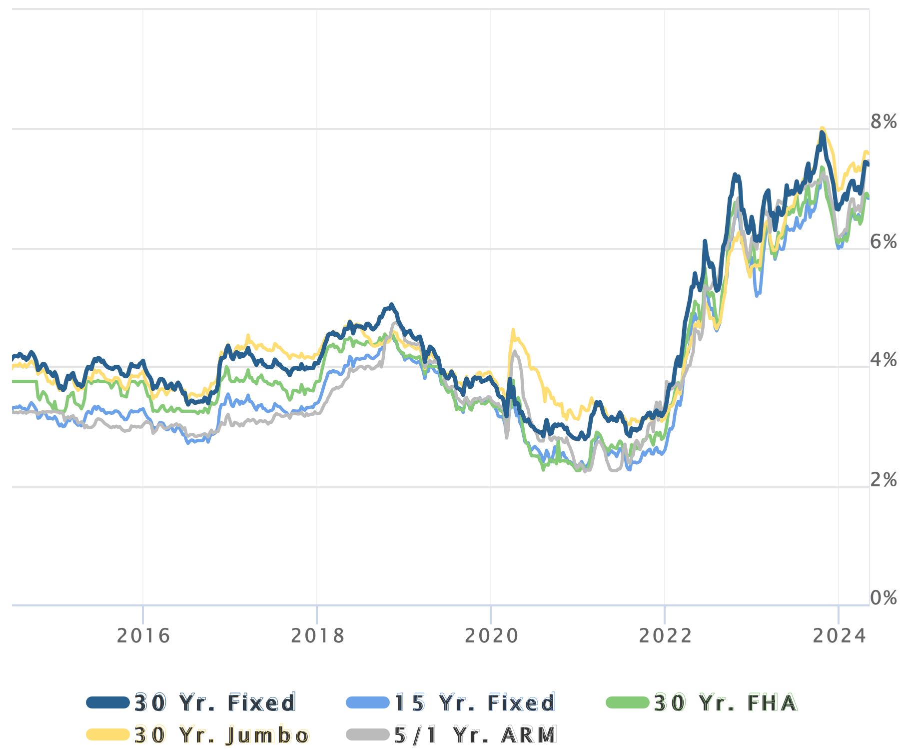
Mortgage Rates Struggle to Stay at Recent Lows

Mortgage rates experienced an uptick in volatility last week as the broader bond market was hit with a big dose of new supply. In other words, between a set of scheduled Treasury auctions and a surge in corporate bond issuance, there were lots of new bonds looking for buyers. More supply means bonds have to offer **higher** yields (aka "rates") in order to attract buyers. Mortgage rates moved higher as a result, but only in the first half of the week.

Once the market worked through the supply, renewed covid fears and geopolitical risks combined to tip the scales back in favor of bond buyers (investors often seek out bonds as a safe haven amid uncertainty and/or economic weakness). More buyers mean lower rates, all other things being equal. The good times kept rolling up until Monday morning. The bond market has leveled off since then, but is doing a fairly good job **holding** in this lower range.

How does it translate to mortgage rates? The average lender is now priced just slightly **better** than they were **last** Monday morning. Top tier conventional 30yr fixed rates are still able to sneak under the 3% mark, depending on the scenario, but that's a much closer call than it was 2 weeks ago. Rates continue to vary significantly between lenders.



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