

MORTGAGE RATE WATCH

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Mortgage Rates Are Actually MUCH Higher This Week

Mortgage rates jumped **substantially** higher today as global markets reacted to yesterday's Fed announcement. But that's really just scratching the surface. The Fed is a convenient talking point because simply due to timing and the absence of another obvious, singular source of inspiration. It's entirely possible that the confluence of other factors would be producing a similar result regardless of the Fed.

In fact, the bond market is talking about 8-9 separate potential market movers today. Most of them are fairly esoteric. The Fed's decision to telegraph a tapering announcement in November is one of the simplest topics, but **simpler still** is the week-over-week drop in covid case counts in the US. Late September was always going to be important in that regard for several reasons. It's late enough to avoid distortion from the Labor Day holiday and it captures any obvious increases associated with the new school year.

Covid aside, late September was also seen as a potentially volatile time because the new school year may cause a shift in the labor market. It's actually a bit too soon to say anything conclusive there, but after yesterday's Powell press conference, it's no longer nearly as important. **Why?** Because Powell said the Fed is basically already there when it comes to announcing a reduction in the Fed's rate-friendly bond buying programs at November's Fed meeting even if the next jobs report is merely "decent."

Moving on from the catalysts to the movement itself, today's rate spike runs the risk of causing confusion due to the weekly release of Freddie Mac's mortgage rate survey. That survey has a bit of a lag to it, and the lag is not readily seen or explained by the journalists who use the survey to write headlines like "US long-term mortgage rates up slightly; 30-year at 2.88%" (an actually headline today).

No... Rates are **up SHARPLY**, and the average lender is now easily over 3.0% again for top tier conventional 30yr fixed quotes. Almost all of that movement took place in the past 24 hours. Freddie's survey captured movement through Monday/Tuesday.



Gregory Pavlich

President, Resource
Mortgage Corp

www.rmcboulder.com

P: (303) 444-1200

M: (303) 717-1359

1221 Pearl St
Boulder CO 80302