

Mortgage Rates Fairly Flat Despite Mixed Signals From Bond Market

Mortgage rates are **unchanged** to a hair **lower** compared to last Friday, depending on the lender. While that's welcome news given some of the big jumps in rates seen in the past 2 weeks, the underlying bond market suggests we're still in the middle of a waiting game.

Although rates are ultimately dictated by movement in the bond market, there can be a delayed reaction at times--**especially** when the market is more volatile. This was the case last Thursday. Bonds improved noticeably in the afternoon, but lenders didn't pass the improvement along until Friday. Friday's improvement would have been seen in today's rates, but bonds are in worse shape today.

In other words, mortgage rates are still getting caught up to Friday's bond market improvement, and today's bond market weakness more-or-less cancels out that improvement. The net effect is a bond market that continues to wait for a definitive break outside last week's range. Unless covid numbers unexpectedly spike or economic data deteriorates significantly, the path of least resistance is toward gradually higher rates.



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