MORTGAGE RATE WATCH
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Rates Continue Higher Despite Bond Market Improvement

Mortgage rates continued higher on Tuesday after reaching the highest levels in months by the end of last week. The bond market was closed on Monday, which meant today was the first time most lenders updated their mortgage rate offerings since Friday.

Although bonds are most directly responsible for the day-to-day movement in mortgage rates, we **don't** always see a logical correlation between the two over the short term. For example, bonds are actually in better territory today (something that implies lower rates).

So why are rates higher yet again?

The main issue is the fact that last week ended with bonds losing ground and that was especially true for mortgage-backed securities (MBS), which most directly affect mortgage rates. While most lenders had already made upward adjustments to rates during the day on Friday, bonds continued to lose ground after that and today's bond market improvement wasn't enough to offset. As such, lenders had to account for that additional lost ground when they opened their doors on the new week.

What does all this mean to you?

That depends on how sensitive you are to every little hiccup in the mortgage rate landscape. Unless you have a loan in process at the moment, recent movement is too small to obsess over with the average lender not even an eighth of a percentage point higher today. Moreover, top tier conventional 30yr fixed rates are still in the low 3% range. In relative terms, however, this is the highest rates have been since the spring with the exception of a few fleeting days in June.

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