

MORTGAGE RATE WATCH

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No, Mortgage Rates Are Not "Sharply Higher" This Week

Mortgage rates fell today as a majority of lenders finally got caught up with the past few days of strength in the bond market. Lenders rely on bonds--specifically mortgage-backed securities (MBS)--to determine where to set mortgage rates. Bonds are constantly on the move, but lenders prefer to just set mortgage rates once per day, if possible. As such, when volatility is higher and when rates have been rising more than falling, lenders tend to be more defensive. In other words, they need to see more sustained improvement than normal before bringing rates back down.

Today's improvement was the **biggest** of the week, and it brings the average conventional 30yr fixed quote well below those seen at the end of last week. Even so, there are numerous news articles out today proclaiming "sharply higher" rates. What's up with that? As is often the case on Thursdays, the mixed signals result from Freddie Mac's weekly mortgage rate survey which tends to measure Monday/Tuesday rates vs the previous Mon/Tue before finally publishing the results on Thursday at 10am.

Unfortunately, last Mon/Tue saw the best rates of the previous week and the most recent equivalent time frame (limited to Tuesday only, due to the holiday) saw the highest rates of the current week. While we're not quite back to the lower levels from the beginning of last week, we're definitely **much** lower than Friday!



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