

# MORTGAGE RATE WATCH

Daily Coverage. Industry Leading Perspective.

## Mortgage Rates Stabilize For Now

**Mortgage rates** hit their highest levels in months yesterday as bonds lost ground at a brisk pace to start the new week. Bonds--specifically mortgage-backed securities (MBS)--are the most important ingredient used by lenders to determine mortgage rates. Bond market weakness (i.e. "losing ground") means that bond PRICES are falling. Bond prices vary inversely with bond yields, and yield is just a fancy term for "rate."

In simpler terms, bond sellers had to offer higher rates of return to attract reluctant buyers.

But **why are bonds struggling?** This is actually a general trend for bonds and rates for just over a year as the economy battles back against covid. The middle of 2021 was a bit of an aberration as the delta variant brought new pandemic-related uncertainty to financial markets. But now that case counts are once again dropping steadily, rates are back to doing what they've generally always done when covid looked to be on the run.

Does all of that mean rates could **fall** if the covid situation deteriorates this winter? Yes, but there's no telling by how much. There are other factors to consider either way. For now, all we know is that the trend is NOT our friend even if we occasionally get days like today where rates manage to recover a bit of lost ground. Think of this as the proverbial **1 step forward after 2 steps back.**



**Gregory Pavlich**

President, Resource  
Mortgage Corp

[www.rmcboulder.com](http://www.rmcboulder.com)

**P:** (303) 444-1200

**M:** (303) 717-1359

1221 Pearl St  
Boulder CO 80302