

MORTGAGE RATE WATCH

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Mortgage Rate Mini-Winning Streak Comes to an End

Mortgage rates finally **ended** this week's winning streak today. In light of the general upward trend in rates over the past month, bond yields (which tend to correlate with mortgage rate movement) made it to surprisingly low levels as of yesterday afternoon. Mortgage lenders responded by dropping rates to the best levels in nearly 2 weeks.

Things changed today as bonds **lost ground** after the European Central Bank noted a still-decent outlook for the economy recovery and an earlier-than-expected outlook for ending its bond purchase program. In general, a stronger economy hurts bonds and central bank purchases help.

Then in the afternoon, a scheduled auction of 7yr US Treasuries was met with less enthusiastic demand compared to recent auctions. The day ended with bonds at their weakest levels and multiple lenders making **upward** adjustments to mortgage rates. All that having been said, the day-over-day change is minimal. **Bigger risks** set in next week due to a combination of economic data and the Federal Reserve's big policy announcement.



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