

# MORTGAGE RATE WATCH

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## Mortgage Rates Started Flat, But Moved Lower During The Day

**Mortgage rates** fell today as markets decompressed following yesterday's announcement from the Federal Reserve regarding the reduction of its bond buying efforts (aka "tapering"). Despite the proximity to Fed day, markets were more inspired by another central bank today: the Bank of England (BOE).

The BOE had its own policy announcement early this morning. Unlike the Fed, there was broad disagreement about the BOE's course of action. They ended up making the more rate-friendly decision and global bond markets reacted immediately. Unsurprisingly, it was the British bond market that had the best day, but there's always a certain degree of correlation between UK and US lending rates. As US sovereign debt yields fell, mortgage-backed bonds enjoyed a smaller version of the same move. This ultimately allowed lenders to offer lower rates compared to yesterday's latest levels despite starting the day fairly flat.



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