

MORTGAGE RATE WATCH

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Mortgage Rates Catch a Break

Mortgage rates finally caught a break after spending the past six business days moving higher at a faster-than-normal pace. During that time, the average lender's conventional 30yr fixed rates increased by 0.125-0.25%, depending on the loan scenario. That's a big move for just over a week, even though it leaves the going rate in the low 3% range.

Today's improvement came courtesy of behind-the-scenes developments in the bond market. In a way, mortgage rates had been caught in the crossfire this week as many companies issued new corporate debt. That issuance process creates volatility for the bond market, and thus, mortgage rates. The saving grace is that some of the upward pressure on rates that can occur early in the issuance process is often reversed when the corporate bonds are ultimately issued. That was one of today's driving forces.

Despite the good results today, it's not a great time to be complacent. Incoming information on inflation, covid, and other economic data can all contribute to volatility in the coming weeks. Additionally, Biden is said to be deciding on the next chair of the Federal Reserve before Thanksgiving. Even though the decision shouldn't upset the proverbial apple cart too much, it could nonetheless contribute to volatility in the short term.



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