

MORTGAGE RATE WATCH

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Mortgage Rates Much Lower So Far This Week

Mortgage rates ended the previous week with a **hopeful** outlook due to the omicron variant. In general, rates benefit from news and events that cause investors to seek protection from risk. A fresh dose of risk aversion was served up overnight as Moderna's CEO said he expected vaccine efficacy to be lower against the new variant. Those headlines sent stock prices and bond yields lower. When bond yields are lower, lenders are typically able to offer lower mortgage rates, all other things being equal.

Indeed, today's initial rate sheets showed **strong improvements** from yesterday. The average lender was offering the lowest rates in nearly 3 weeks. But things changed around 11am. In a congressional testimony, Fed Chair Powell's comments on inflation and bond buying pushed the bond market back in the other direction. Mortgage-backed bonds lost all of the day's improvements and most lenders made mid-day adjustments **higher** in rate.

Fortunately, mortgage lenders have been leaving themselves some room to maneuver relative to the bond market amid the volatility of the past few trading days. As such, today's rates are still better than yesterday's, even after the mid-day increases.



Gregory Pavlich

President, Resource
Mortgage Corp

www.rmcboulder.com

P: (303) 444-1200

M: (303) 717-1359

1221 Pearl St
Boulder CO 80302