

# MORTGAGE RATE WATCH

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## Mortgage Rates Rise Then Fall as Volatility Persists

**Mortgage rates** were much **lower** at the start of business **yesterday**, but began **rising** in the afternoon as the bond market lost ground. That same momentum continued in the overnight trading session. By the time mortgage lenders were setting rates this morning, bonds had deteriorated enough for a noticeable bump toward **higher** rates. This was especially noticeable for lenders who didn't change rates in the middle of the day yesterday.

By the early afternoon, bonds were **recovering** as financial markets reacted to news of the first omicron case in the US. That sort of news fuels what's known as a flight to safety in the market. This generally means weakness in stocks and strength in bonds. When bonds improve, **rates fall**, all other things being equal.

The net effect was a return to Monday's levels for the average conventional 30yr fixed quote. With the market still assessing the risks posed by omicron and several other non-covid-related considerations, **volatility is likely to remain higher** than normal for better or worse.



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