

Highest Mortgage Rates in 2 Weeks

Mortgage rates continued higher for the third straight day on Wednesday. This brings the average lender to the highest levels in exactly 2 weeks. But that's the most dramatic way to represent the facts.

While it's true that rates are at 2 week highs, they're not too far away from 2 week lows. In fact, many borrowers would be seeing the **same** "note rate" at the top of today's loan quotes as any other day in the past 2 weeks. Indeed, the same could be said for the past 2 months in many cases.

If note rates are unchanged, why are we talking about "**higher rates?**" In short: upfront costs! Whether it's a positive or negative value, mortgages have an associated cost that allows for smaller adjustments than the typical 0.125% interest rate increments. For example, a 3.25% note rate with \$1400 in lender fees costs you more than a 3.25% note rate with \$1000 in lender fees.

The small changes are a byproduct of narrow trading range in the bond market. Indeed, both stocks and bonds have been broadly sideways as investors wait to see how the omicron threat plays out against the backdrop of a holiday season that was always expected to result in higher covid case counts. Investors are **also** waiting for more robust participation to return to the market after the holidays. The 2nd week of January should offer insight on both fronts. That's when we're **more likely** to see momentum shift in meaningful way for rates.



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