

## Remember Mortgage Rates in the 2's? They're Closer to 4% Now

One of the very few **welcome** byproducts of the pandemic was the pervasive availability of new **all-time low mortgage rates**. Depending on when you checked in, you were highly likely to see top tier 30yr fixed rates in the 2% range. Even after the first major attempt at lift-off in early 2021, rates were still best described as being in the "mid-to-low 3% range."

At any other time in history before covid, the mid-to-low 3% range would have been an all-time low or close to it. Moreover, it wasn't long before rates began to **fall** heading into the summer months, ultimately spending several months with top tier offerings in the high 2% range. At the time, it seemed like rates were immune from the timing and implications of past cycles.

The good times **began to stop** rolling in late September after the 9/22 Fed announcement confirmed an impending wind-down of rate-friendly policies. But even then, rates didn't jump higher too quickly. They even managed to hold in the low 3% range for the next few months, all the while with exceptionally low volatility, all things considered.

Seemingly overnight, **everything changed**. From the very first trading day of the year, investors have been rushing to get in position for even more aggressive policy tightening from the Fed. 2 days later, the Fed's meeting minutes justified the rising rate mentality. Then last week, a slew of Fed speakers peppered the market with their comments that essentially reiterated the broad notion of "faster policy tightening."

**Now this week**, it's off to the races for the same sort of trades. This time, investors are rapidly ramping up bets on the Fed's rate hike outlook. This set off a snowball reaction in the bond market with no one brave enough to step in to catch the proverbial falling knife.



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Long story short, bonds hit their weakest levels in 2 years today. The general, weekly rate surveys are well behind the times when things are moving this fast. The average lender is now **up to 3.75%** after starting the day at 3.625%. There's a lot of variability there, for what it's worth (both between lenders and between different borrower scenarios). That said, all lenders can agree that their rates are sharply higher than last Friday's (0.125% or more, for the most part).

