MORTGAGE RATE WATCH
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Tepid Recovery For Mortgage Rates; Big Picture Risks Remain

Mortgage rates have been having a bad 2022 so far with the average lender up to the highest levels in roughly 2 years as of yesterday. The reason? The broader bond market (which dictates interest rates) is in the midst of an adjustment process in response to a shift from the Fed (**discussed in greater detail yesterday**).

This adjustment process can be thought of as the sudden realization that rates need to go higher by a certain amount and by a certain time. The **amount** is a bit of a moving target, but it is likely larger than what we've seen so far.

The **time** is open to debate, but the March Fed meeting is the most popular guess. Between now and then, the traders who share this realization will be making trades that drive rates gradually higher. In other words, they're not trying to jump immediately to the apparent destination.

As such, we are going to see bonds/rate make **token improvements** every so often. This happened last week. It looked promising for a few days, and then rates promptly jumped higher on Friday (and higher still on Tuesday).

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Today was one of the **decent** days amid the broader rising rate trend. Could it be the first of many? Technically, that's possible, but it's not especially likely. Simply put, this is a rising rate environment until we see a far more substantial correction. Today didn't cut it. Ultimately, it allowed lenders to offer rates that were right in line with yesterday's mid-day rates.