MORTGAGE RATE WATCH
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Rates Jump Back Up to Match Multi-Year Highs

The average mortgage lender was quoting conventional 30yr fixed rates of **5.25%** last Monday for top tier scenarios--the highest since late 2018. Rates recovered over the next two days before rising again on Thursday--thankfully not all the way back up to Monday's levels. That saving grace is no longer as graceful today as the average lender is now right back in line with the long-term highs.

Nothing specific happened to cause this. In fact, some lenders were **already** at current levels by the end of Thursday. Rather, it's a simple matter of the mortgage market getting caught up with movement in the bond market. Case in point, 10yr Treasuries and the bonds that specifically dictate mortgage rates are also both at their worst levels since late 2018.

The achievements may be specific to each of the past 2 Mondays, but the motivations remain **general**. Inflation is running at the hottest levels since the 80s and the Federal Reserve has signaled some of its most aggressive monetary tightening since the 80s in response. The Fed attempts to control inflation by raising short term rates and by shrinking its bond holdings.

Real-time markets have already done a great deal to **move into position** for these changes from the Fed. Traders will increasingly try to determine when enough of that positioning has taken place as it digests more data on inflation and other facets of the economy.

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