

# MORTGAGE RATE WATCH

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## Mortgage Rates Jump Back up to 2-Month Highs

Mortgage rates managed to breathe a decent sigh of relief last Friday as the bond market remained fairly calm despite stock market weakness following Fed Chair Powell's Jackson Hole Speech. Mortgage lenders had been pricing defensively ahead of that event and were able to lower their guard a bit in response.

But the reaction in the bond market may have merely been delayed. Right at the start of overnight trading, US Treasuries moved back up to last week's high yields. Treasuries don't directly dictate mortgage rates, but they provide the best overnight cues as to how mortgage-backed securities or "MBS" (which actually DO dictate mortgage rates) will trade during domestic hours.

True to form, MBS opened in much weaker territory and mortgage lenders responded by taking back everything they'd conceded at the end of last week and then some. Because last week's rates were very closer to 2 month highs at the time, it only took modestly higher rate for today to officially hit 2-month highs.

The average lender is now closer to 6% for a top tier conventional 30yr fixed scenario. Some are slightly higher or lower, often depending on presence and size of upfront costs. The outright levels are not as important as the change over time in relative terms. With that in mind, today's rates are right where they were on June 28th, and still more than quarter point lower than they were on June 14th.



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