

# MORTGAGE RATE WATCH

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## Mortgage Rates Jump Back Up Toward 7%

The mortgage rate world has been on a wild ride in general, and even more so in the past few weeks. The crux of the drama was a British fiscal policy announcement that sent financial markets into a tailspin just after the September 21st Fed Announcement. The initial reaction was a sharp increase in rates that peaked the following Tuesday. Since then, rates have been recovering fairly nicely, but it was probably not destined to last. Or at the very least, the forces responsible for the recent drop in rates likely had a limited well of potential and today we found the bottom.

All that to say that the friendly correction to last week's extremely unfriendly rate spike has now probably run its course. We knew we would be shifting into a data dependent stance where key economic reports would shape the ebbs and flows in the short term. One of the more important reports in that process came out today, suggesting the economy can continue to endure the rising rate regime that the Fed is employing in order to stem the tide of inflation.

In other words, the economy isn't damaged enough for there to be significant downward pressure on rates. When markets realized the nightmare (relative terms) wasn't yet over, lenders quickly bumped loan pricing back up into the 7% territory. Pinning down a specific rate remains difficult due to a wide stratification among lenders and quoting practices. Many lenders are over 7%. Many are under. It's best to focus on the day over day change. Today's change was "sharply higher" to the tune of 0.25% - 0.375% in rate.

The next big to-do when it comes to economic data will be Friday's jobs report. Between now and then, volatility remains distinctly possible.



**Gregory Pavlich**

President, Resource  
Mortgage Corp

[www.rmcboulder.com](http://www.rmcboulder.com)

**P:** (303) 444-1200

**M:** (303) 717-1359

1221 Pearl St  
Boulder CO 80302