

## Mortgage Rates Sneak By Without Much Change

Mortgage rates were generally unchanged today, but not without plenty of volatility in between. Mortgage lenders would prefer to set their rates once per day in a perfect world, allowing the bond market an hour or two of active trading and then locking in their rate offerings around 10am Eastern time.

When bonds end up experiencing volatility, lenders are forced to "re-price" to higher or lower rates. The average day of volatility tends to see those reprices occur in one wave and in one direction. In other words, the bond market typically goes on one run of sufficient size to cause reprices on the days where it goes for a run at all.

Recently, however, we've been seeing 2-3 runs a day resulting in a lot of back and forth on the part of mortgage lenders. They'll start the day in one place, raise rates by mid day, and then drop rates by the end of the day. The overall count of intraday reprices has been much higher than normal and the split between positive and negative reprices has been even more abnormal.

Today was just another day in that regard with rates rising above yesterday's levels by noon and then gradually dialing back by the close of business. The average lender is ending the day roughly in line with yesterday's levels to just slightly higher.



**Gregory Pavlich**

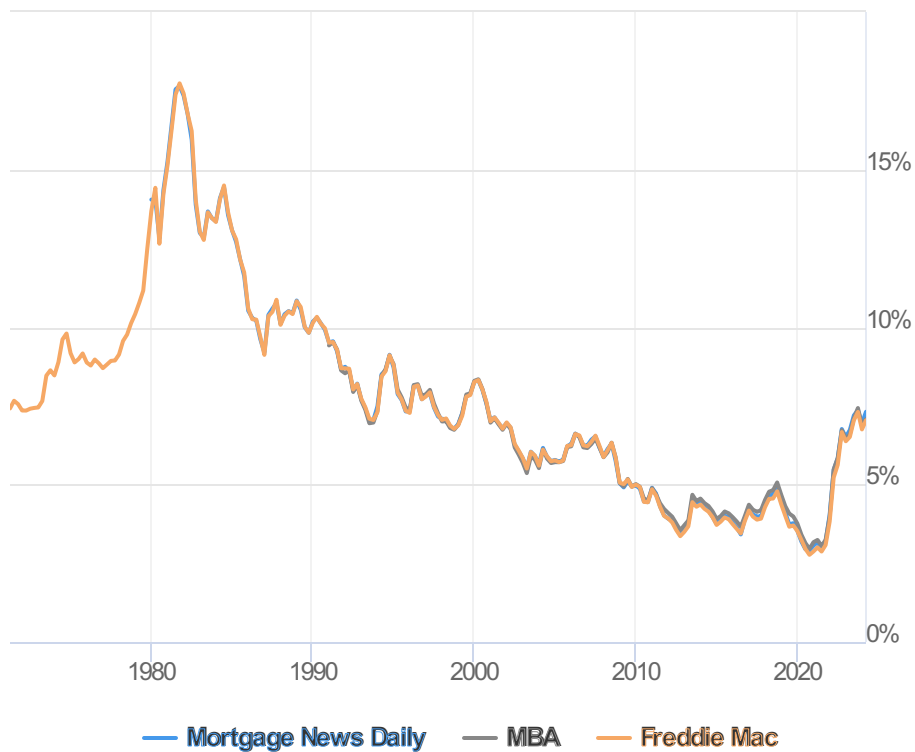
President, Resource  
Mortgage Corp

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

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

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

1221 Pearl St  
Boulder CO 80302



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