Mortgage Rates Recover After Starting Higher

Mortgage rates began the day at higher levels than yesterday for the average lender, but the movement was fairly small. Most lenders were still able to offer the same "note rate" (the actual interest rate attached to a mortgage note), but with slightly higher upfront costs.

Economic data contributed to early bond market weakness. Weaker bonds mean higher rates, all other things being equal. After the weakness ran its course, bond buyers pounced on the cheaper entry point. In other words, when bonds are losing ground, bond prices are moving lower (lower bond prices = higher bond yields/rates).

When bonds reached levels that matched yesterday's weakest moments, the new buying demand brought them well into positive territory. This in turn allowed most lenders to offer a mid-day price improvement that brought today's rates back in line with--or slightly below--yesterday's levels.

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