

MORTGAGE RATE WATCH

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Mortgage Rates Continue Drifting Higher

The week began with a noticeable uptick in mortgage rates relative to last week's lows. Today's momentum continued in the same direction, but with less urgency. The average lender moved up by 0.06% for a flawless conforming 30yr fixed scenario.

Mortgage rates are driven by the constantly-changing prices of mortgage-backed securities (MBS), which are essentially bonds that rely on mortgages as collateral. The bond market had been doing very well in the midst of the recent banking panic as investors sought safe havens to park cash. MBS and Treasuries both fit that bill.

But as panic subsides, investors have moved cash out of the bond market. This puts downward pressure on bond prices and upward pressure on yields/rates. This continues to be the primary source of input for rates, and one that is beginning to settle down. There is more room for rates to adjust higher if banking concerns continue to subside.



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