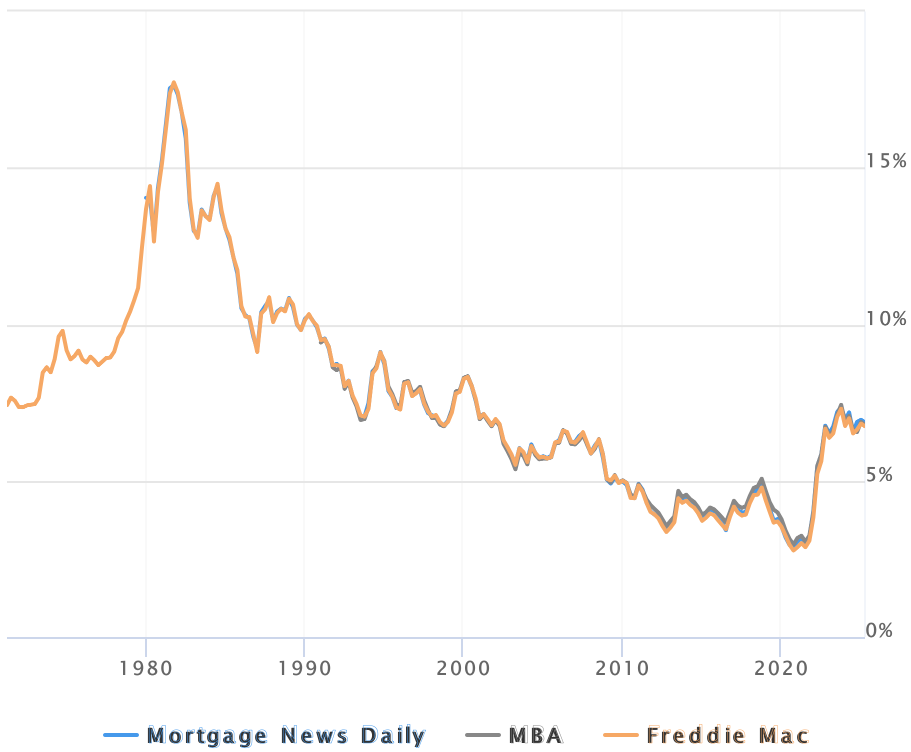
Mortgage Rates Drift Higher Inside a Broader Range

For mortgage rates and the broader bond market, everything has been fairly sideways in the bigger picture since the initial wave of bank drama in early March. Granted, there's been plenty of volatility inside that broad, sideways range, but no obvious attempts to embark on a new trend higher or lower.

Today was just another day in this process. Rates happened to move higher from yesterday, but remained very well contained by the recent range. The most notable culprit was the news cycle surrounding First Republic Bank (one of the bigger names in the spotlight after the failure of Silicon Valley Bank caused investors to ask "who's next?").

As investors sort out whether First Republic (ticker FRC) is "next" or simply resigned to a fire sale of its assets, bonds (and thus, rates) have responded to FRC's apparent fate. When the bank looks more likely to be able to offload assets and stay afloat, bond yields (aka "rates") move higher. Conversely, bad news for the bank pushes rates lower, all other things being equal.

The net effect of today's headlines erased virtually all of the improvement seen yesterday. In other words, the average lender is back in line with Monday's rates.



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