

MORTGAGE RATE WATCH

Daily Coverage. Industry Leading Perspective.

Mortgage Rates Jump Back to 7%

Some of today's news says mortgage rates are much lower than last week. And here I am telling you they're higher. Who should you believe? Easy one! Believe me. What I just told you is accurate. The other stuff is stale info. I'm sorry that rates went higher. The end.

For those who want a bit more context, read on.

Today's rates are noticeably higher than yesterday's with the average lender back up to 7.0% for a top tier conventional 30yr fixed scenario. When our index is at 7.0%, it means that many lenders are quoting rates in the mid to upper 6's, but with the addition of upfront costs (origination and/or discount points).

We update our rate index every day, but the industry's longest-running index from Freddie Mac is updated once a week. It came out today, showing a sharp drop in mortgage rates. Freddie isn't lying to you. You just have to read the fine print.

First off, Freddie's index covers the 5 weekdays leading up to last Wednesday. During that time, rates were indeed much higher than the 5 days leading up to yesterday (the time frame for the number reported today).

Also, Freddie doesn't account for discount points or other upfront costs in its index. That means a quote of 6.625% with 1% discount paid upfront is simply 6.625%, whereas it's closer to 7.1% without the extra point upfront.

Many market participants view today's rate spike as a bit overdone relative to the underlying justifications. Chief among those would be economic data this morning that showed the labor market remains much more resilient than expected, but rates were already set to move higher before that data came out.



Gregory Pavlich

President, Resource
Mortgage Corp

www.rmcboulder.com

P: (303) 444-1200

M: (303) 717-1359

1221 Pearl St
Boulder CO 80302