

MORTGAGE RATE WATCH

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Mortgage Rates Back Over 7%, at 2-Week Highs Ahead of Fed

Mortgage rates moved moderately higher for the average lender at some point over the past 2 days. Some lenders bumped rates yesterday afternoon and thus didn't need to make as big of adjustment today. Other lenders who held steady yesterday were forced to make bigger changes today.

As always, the motivations for such decisions are primarily tied to trading levels in the bond market. As bonds lose ground, the price of the bond falls and the yield (aka "rate") increases. This means we can often see a popular rate benchmark like the 10yr Treasury yield moving in concert with mortgage rates. Indeed, 10yr yields are also at 2 week highs.

Tomorrow brings the latest announcement from the Federal Reserve (the Fed). The market already fully expects another 0.25% rate hike. Instead, it will be the verbiage with which the hike is delivered that matters.

The Fed Funds Rate doesn't directly dictate mortgage rates. In other words, mortgage rates CAN move lower tomorrow even if the Fed hikes. They can also move higher depending on what Powell has to say about the Fed's policy stance.



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