

## Mortgage Rates Highest in Nearly a Month

Mortgage rates moved higher again today as the underlying bond market digested stronger economic data and details of the U.S. Treasury's increased borrowing needs. From yesterday's coverage:

Treasury issuance matters because Treasuries are one of the most important determining factors for interest rates in the U.S. The more that are issued, the lower the price and the higher the yield/rate. Analysts know the amounts will be going up and markets are nervous and uncertain about the amount of the increase.

Once that's resolved, and if the week's remaining economic data paints a cooler picture for the economy, rates could easily recover. On the other hand, if the data is upbeat and if Treasury issuance rises more than expected, the upward momentum will continue.

In not so many words, Treasury issuance ended up being slightly higher than expected AND the economic data was upbeat. The upward movement in mortgage rates was actually fairly tame. This makes sense considering most of the drama played out in the longest-term Treasuries and those have less in common with mortgage rates than Treasuries in the 5-10 year range.

As for reconciling a "tame" move with "the highest rates in nearly a month," we were already fairly close to that claim yesterday. Today was simply the proverbial piece of straw.



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