

MORTGAGE RATE WATCH

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Mortgage Rates Unchanged to Slightly Lower

Flash back to last Friday. The big jobs report came out and although it wasn't too far from forecasts, it was enough for the bond market to rally at the best pace in months. When bonds rally, rates fall, and mortgage rates fell nicely. Lenders were already in better shape at the outset on Friday and many of them made another friendly adjustment in the afternoon.

Since then, however, little has changed. Bonds lost some ground to start the week and lenders held firm. Now today, bonds regained that ground (and then some), but lenders haven't dropped mortgage rates commensurately.

One reason for the stubborn performance is the fact that mortgage backed bonds didn't recover as much as US Treasuries today. That's OK considering mortgage backed bonds had a comparatively better week last week. In other words, the varying levels of performance are beginning to balance out.

Both Treasuries and mortgages are at risk of a bigger move in coming days in response to Thursday's inflation data or possibly even tomorrow's 10yr Treasury auction. As for today, the average mortgage lender was just a hair lower than yesterday, but, in many cases, not enough for the average borrower to see much of a difference in rate quotes.



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