

MORTGAGE RATE WATCH

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Mortgage Rates Now Near 7.5% For No New Reason

Interest rates are based on trading levels in the bond market. Bond traders began their day looking at significantly weaker levels (i.e. higher yields/rates) versus last Friday, but for no apparent reason. Actually, it would be more fair to say "for no new reason."

Reasons for the rising rate momentum are apparent and ongoing. Decades-high inflation required decades-high rates to fix. The higher rates are supposed to be damaging the economy more than they have. Until that damage shows up, rates have a green light to continue higher.

As more and more market participants abandon their preconceived notions regarding an imminent rate reversal, the upward momentum takes on a certain glacial quality. In other words, it's self-sustaining, often resulting in days like today where rates look like they're acting on some obvious catalyst despite the absence of any such news.

Mortgage rates were already new 7.4% by the end of last week and today's increases bring the average lender closer to 7.5%. This is the highest since late 2000. Lower rates are still available for certain scenarios and discount points, but many scenarios are also seeing higher rates.



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