

## Small Reprieve in Rate Rout

The past few days have seen rates surge to new multi-decade highs with the average lender quoting 7.6+ for top tier conventional 30yr fixed scenarios. Not too much has changed today apart from the direction of the movement and the fact that modest gains weren't brutally dashed as the day progressed.

In fact, most lenders updated rates **for the better** at some point today as the underlying bond market improved. The caveat is that the outright levels aren't much lower than yesterday's multi-decade highs.

Nonetheless... longest journeys, single steps, and all that...

Any time rates skyrocket--whether for a period of hours, days, or months--market watchers are on the lookout for a bounce. Bounces come in all shapes and sizes. In all cases, it only ever makes sense to take them one day at a time until a clear trend has been established. Furthermore, that trend has to have backing from a clear shift in the economic data and Fed policy stance.

The current bounce is best measured in "hours" so far. We're a long way from being able to say it represents some sort of ceiling for rates, but we can always hope this tiny sapling grows into a mighty tree as long as we remember that hope is no basis for a strategy.

Today was "nice." If tomorrow is nice, that would also be "nice." But it's a good time to remain skeptical and defensive until the niceness becomes overwhelming.



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