

# MORTGAGE RATE WATCH

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## Mortgage Rates Start Higher, But End Lower

Mortgage lenders generally try to avoid setting rates more than once per day, but they will make changes if the underlying bond market is moving enough. Mortgage Backed Securities (MBS) are the bonds that directly dictate mortgage rate movement. When they're stronger/higher, it implies downward pressure on rates and vice versa.

MBS started the day in weaker territory, which is why the average lender started the day by offering just slightly higher rates compared to yesterday's latest levels. But MBS improved with the rest of the bond market after the morning's economic data was released. When MBS improved enough, many lenders revised their rates slightly lower than yesterday's latest levels.

Technically, the average lender is at the lowest levels in over a month, but there's been very little change in the average since last Friday. The following chart of MBS may help explain why. Keep in mind that the higher the blue line is, the better it is for rates. The red line shows the central tendency of the past few days of movement. Bottom line, despite the ups and downs, MBS have been reasonably flat this week.



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