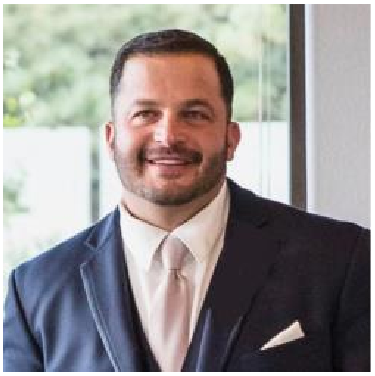
Mortgage Rates Slightly Higher to Start New Week

The average mortgage lender raised rates modestly on Monday morning--a logical move considering the weakness in the bond market over the weekend. Rates are based directly on bonds. Bond "weakness" means investors are paying less for bonds which, in turn, means that yields (aka "rates") are effectively higher.

Investor demand for bonds has waxed and waned in a narrow range recently. It has also had a tighter than normal relationship with the stock market. Specifically, the ebbs and flows in economic fears have caused investors to move out of stocks and into bonds, or vice versa. Today was an example of the latter (stronger stocks, weaker bonds) due to tariff exclusion news over the weekend.

In the bigger picture, all of this analysis is much ado about nothing. Mortgage rates continue a very flat, narrow orbit around 6.75% for top tier conventional 30yr fixed scenarios. A bigger departure from this range will require a bigger shift in several key economic reports (specifically, inflation reports and the big jobs report that typically comes out on the first Friday of the month).



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