## MORTGAGE RATE WATCH

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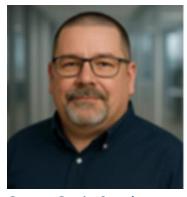
## Mortgage Rates Jump Back Above 7%

It has undoubtedly been an extremely volatile week for financial markets and that includes the U.S. bond market to be sure. As an example, the poster child for the U.S. bond market, the 10yr Treasury, saw its biggest week-over-week increase since 1981.

As we often discuss, mortgage rates are based on bonds that share many similarities with U.S. Treasuries, so it's no surprise to see chaos in that market and a concomitant jump in mortgage rates. In general, mortgage rates and bond yields are exceptionally well correlated (after all, a "yield" is the rate paid by a bond).

As with much of this week's drama, today's move didn't have one distinct motivation. The weakness speaks to a broad shift in the outlook for US Treasury demand. Digging any deeper would require esoteric explanations of underlying market structures. The bottom line is that investors are rattled by rapid changes in policy, as well as uncertainty about how those changes will ultimately settle and impact the market.

As for the mortgage market, we've certainly seen worse individual days and weeks, but the rate spike definitely ranks on the brisk side of the spectrum. The average lender moved up by roughly an eighth of a percent today with the nearest typical quoted rate being 7.125% for a top tier conventional 30yr fixed. This is roughly half a percent higher than last Friday, which makes this the biggest weekly jump since early 2022.



**Scott Swinford** 



