

MORTGAGE RATE WATCH

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Mortgage Rates Move Higher After Trade Deal

Mortgage rates moved back up to the higher levels seen earlier this week after the official announcement of a trade deal between the U.S. and the U.K.

Most lenders actually began the day fairly close to yesterday's latest levels, but were ultimately forced to raise rates in response to weakness in the bond market.

The rationale for this market reaction can be debated. Some market watchers conclude that a trade deal is simply "good for stocks and bad for bonds" because it's economically bullish. While that sentiment CAN account for some of the movement, it's not the whole story.

Bonds (which dictate rates) have specific concerns regarding inflation, foreign demand, and issuance needs. These are high level topics that are beyond the scope of a daily mortgage rate recap, but suffice it to say "rates have a lot on their minds" when it comes to how trade policy shakes out. Unfortunately, it's sort of a no win situation in the short term. The only exception would have been a full exemption from tariffs.

In the bigger picture, today's mortgage rate increase is unremarkable--sort of average--and it leaves the rate index well below the early April highs, despite being well above the range seen during the month of March.



Heather Woods

Branch Manager- Broker-Loan Originator, The Woods Mortgage Team- Powered By My Community Mortgage

www.WoodsMortgageTeam.com

M: (210) 392-8299

heatherwoods@mychomeloans.com

Humble TX 77346
833399



Jennifer Yoinco

Realtor, Walzel Properties

www.houstonsuburb.com

M: (832) 286-8636

Jenyoingco7@gmail.com

15420 Ridge Park Dr
Houston TX 77095
648293



