Mortgage Rates Jump to 2 Week Highs After US/China Trade Talks

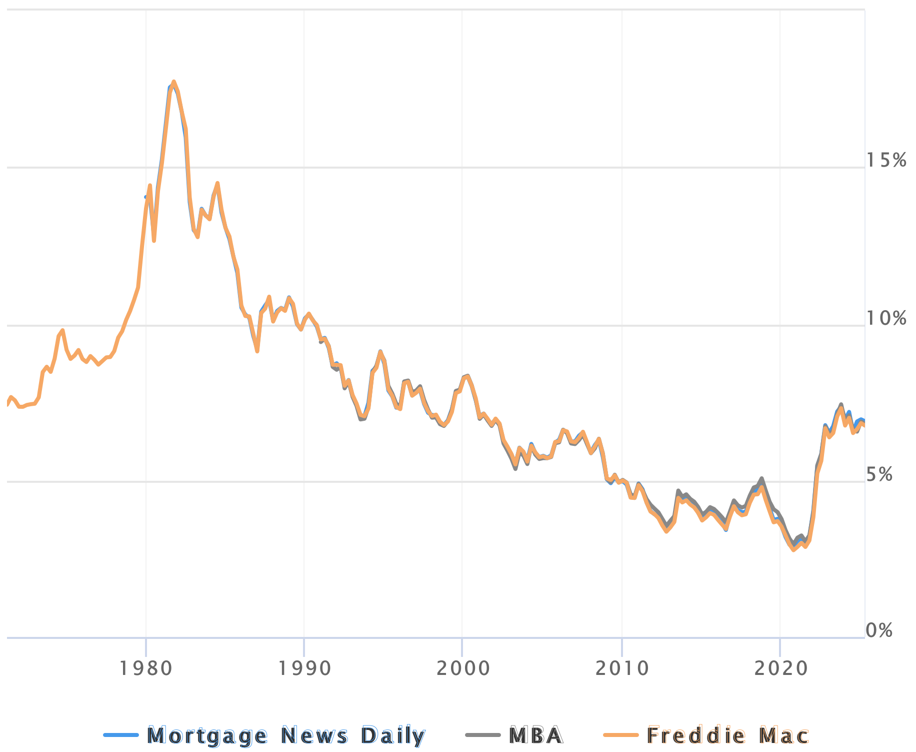
Tariffs and trade policy have been a new and important consideration for the bond market for just over a month now. That matters to mortgage rates because mortgage pricing is primarily determined by bond prices.

The reaction function for rates is a bit complicated at first glance because tariffs can exert influence in opposite directions. To whatever extent trade policy results in lower economic growth, it would generally be good for rates, all other things being equal.

To whatever extent trade policy results in higher prices, lower revenue, and lower foreign demand for US assets (which tends to correlate with trade relationships), it would push rates higher.

Over the weekend, the US and China agreed on a 90 day pause on the more extreme tariff brinksmanship. While levels remain elevated enough to cause some inflation concern (remember: bad for rates), they've come down enough to alleviate some concern about the global economy (also bad for rates).

Today's move wasn't huge as far as mortgage rate volatility goes, but the average lender is now up to the highest levels in just over 2 weeks.



Joe Rapisarda
Mortgage Broker, Pacific Community Lender
Vacavillehomeloans.com
M: 707-208-1916
190 South Orchard Ave #B115
Vacaville CA 95688-____
230222