Mortgage Rates Recover Some of This Week's Lost Ground

After hitting the highest level in several weeks on Thursday, mortgage rates managed to move moderately lower on Friday. Counterpoint: Friday's rates are still the 2nd highest of the past 2 weeks and still meaningfully higher than last Friday's (6.28% vs 6.19% in terms of MND's rate index).

The improvement makes it clear that lenders were setting rates defensively on Thursday. We know this because the level of improvement in rates is greater than that suggested by the underlying bond market. In other words, Thursday's rates had a bit of a cushion and lenders removed that cushion on Friday.

Another caveat is that Friday's bond market movement argued for a mid-day adjustment toward higher rates, but it wasn't sharp enough for the average lender to go to the trouble of changing rates. In these scenarios, we can safely assume that if bonds are unchanged by Monday morning, most lenders will be offering slightly higher rates.

This is a big "if," of course. There's never any way to know exactly what bonds will do in the future, but all things being equal, there's a slight disadvantage that would need to be overcome if rates are to hold steady or improve.

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