

MORTGAGE RATE WATCH

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A message from Marc Erickson:

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Mortgage Rates Only Modestly Higher Despite Bond Market Weakness

Weakness in the bond market generally means higher mortgage rates. Today was no exception. A key economic report on the manufacturing sector was much stronger than expected. Bonds lost ground as a result and mortgage lenders were forced to set rates higher than Friday's latest levels.

But the caveat is that the average lender was only marginally higher. The level of movement in the bond market suggested a bigger change. In other words, mortgage rates fared a bit better than the market suggested.

When this happens, it's most frequently due to timing. If bonds lose ground moderately, but those losses happen **after** mortgage lenders announce the day's rates, many lenders will simply wait until the following day to adjust rates accordingly. This could explain some of today's resilience.



Ehric Wolfe

REALTOR®, Coldwell
Banker Realty

www.coloradowolfhomes.com

P: (970) 691-5299

ehric@coloradowolfhomes.com

3665 John F Kennedy Parkway
Fort Collins CO 80525



Marc Erickson

Mortgage Guide, Excel
Financial Group, LLC

www.themortgagemarc.com

P: (720) 295-0704

M: (720) 295-0704

123 N College Avenue
Fort Collins CO 80524
1245157

