

MORTGAGE RATE WATCH

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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.



Sylvia Sanders

Loan Officer, C2 Financial |
Military Lending Pros | The
Sanders Team

www.sylviasanders.com

P: (760) 429-4470

M: (760) 429-4470

sylvia@sylviasanders.com

12230 El Camino Real #100
San Diego CA 92130

NMLS #633013 | CA DRE

02094109 | AZ MLO Lic 094848

NMLS #135622 | CA DRE

01821025 | FL OFR # MLD2635

