

MORTGAGE RATE WATCH

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Mortgage Rates Recover Moderately After Starting at 3-Week Highs

After spending the entirety of last week calm holding the lowest levels in more than 3 years, mortgage rates jumped sharply higher yesterday. That said, everything's relative. Even after that "sharp" increase, the average rate was still one of the lowest in years apart from last week.

There was slightly more cause for concern this morning as the underlying bond market increasingly swooned. When bonds lost ground, rates move higher. But unlike yesterday, which involved pervasive gradual weakness throughout, today saw a meaningful recovery shortly after the market opened.

Bonds ended up making it almost all the way back to 'unchanged,' thus allowing most lenders to reissue revised rates that were slightly lower than this morning. The average lender didn't make it quite back to yesterday's latest levels, but the market movement offered an important proof of concept. Specifically, we're not necessarily destined to see a runaway rate spike in the coming days.

As always, there's an important caveat: we're not necessarily destined to see anything at all when it comes to the future of rate movement. Depending on the outcome of economic data, rates could continue higher or recover back toward recent lows. Geopolitical developments can continue adding volatility for better or worse. If there's one take away, it's simply that volatility risks are much more pronounced this week compared to the past 2 weeks.



Scott Green

Home Loan Consultant,
Monument Mortgage
Group

P: (602) 971-0544 x1

M: (602) 577-8311

scott@scotthelps.com

21501 N. 78th Ave #100
Phoenix AZ 85382

Company NMLS #2512600
Individual NMLS #155901



David Rickey

Home Loan Consultant,
Monument Mortgage
Group

www.azmonument.com

P: (602) 971-0544 x2

david@azmonument.com

21501 N. 78th Ave
Peoria AZ 85382

Company NMLS # 2512600
Individual NMLS #1493357