

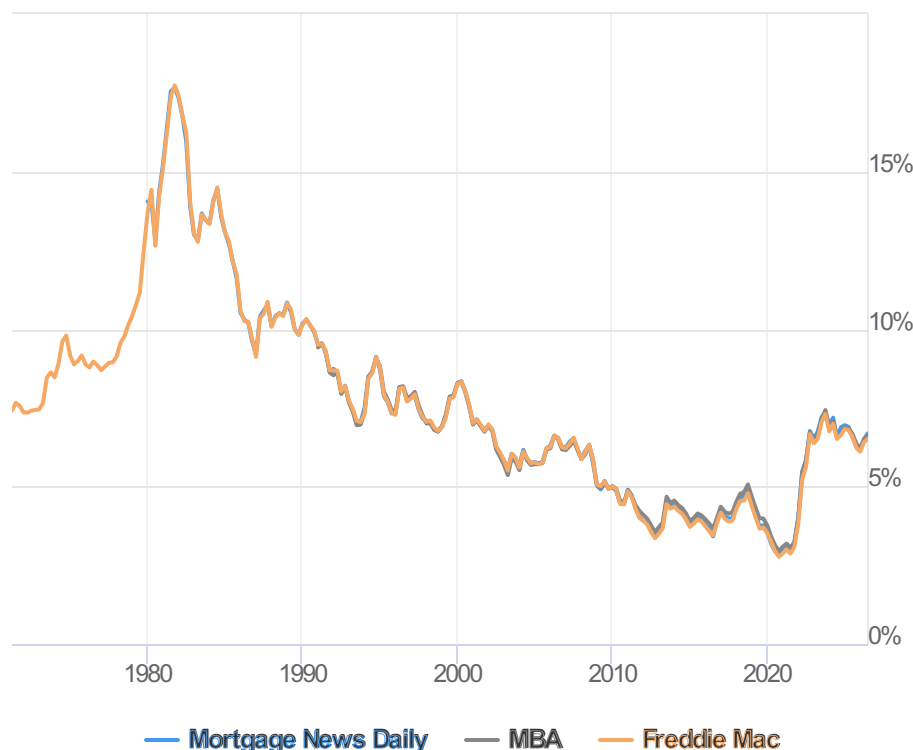
Mortgage Rates Recover All of Yesterday's Losses

Wednesday brought some much-needed relief for the mortgage market after rates surged to new 9 month highs of 6.75% yesterday. Whereas that rate spike was decoupled from the prevailing narrative of war-related headlines, today's recovery was quite the opposite.

Newswires came out shortly after 10am ET that suggested the U.S. and Iran are nearing a final draft of a peace agreement. While such news has been prone to correction and revision, the market was nonetheless willing to respond quickly and rather forcefully.

Oil prices dropped sharply with Treasury yields in tow. In the bond market, "yield" is another word for "rate." And because mortgage pricing is directly dictated by mortgage-specific bonds, when yields are falling, mortgage rates will almost always be falling as well.

The average lender fully erased yesterday's rate spike, ultimately making it back below the levels seen on Monday afternoon. Granted, Monday's levels were still the highest in many months at the time, but we have to start somewhere. At the very least, today's market movement reiterates the fact that rates will likely make an even better recovery when the war is officially over.



CERTIFIED
HOME LOANS

Jeffrey Schneider

CFM, MLO, Certified Home Loans

P: (919) 510-1108

M: (919) 862-3932

jschneider@certifiedhomeloans.com

805 Spring Forest Road
Raleigh NC 27609

NMLS: 70932
NMLS: 1806779

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