

Mortgage Rates Back Near Long-Term Highs

To be fair, mortgage rates haven't been far from their long-term highs in over a week, but today's 30yr fixed index level of 6.83% is functionally equivalent to the actual long-term high of 6.85% seen on July 23rd.

Higher rates are driven by weakness in the bond market. The latter can happen for many reasons. Sometimes those reasons are as simple as an economic report showing stronger job growth or higher inflation. Other times, the reasons are more esoteric.

Today's bond market weakness may have been modestly influenced by this morning's Employment Cost Index, but the bigger issue was definitely in the esoteric category. It involved behind the scenes intervention in forex on the part of the Treasury Department and its Japanese counterpart (Japan's Ministry of Finance).

In not so many words, Japan occasionally sells dollar-denominated bonds in order to buy Yen-denominated bonds in order to make its own currency more valuable. Today, the U.S. did the same in order to take some control of that narrative and have a say in the bonds that were being sold. Either way, bond selling = higher rates, all else equal.



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



Ehric Wolfe

REALTOR®, Coldwell
Banker Realty

www.coloradowolfehomes.com

P: (970) 691-5299

ehric@coloradowolfehomes.com

3665 John F Kennedy Parkway
Fort Collins CO 80525

