

MORTGAGE RATE WATCH

Daily Coverage. Industry Leading Perspective.

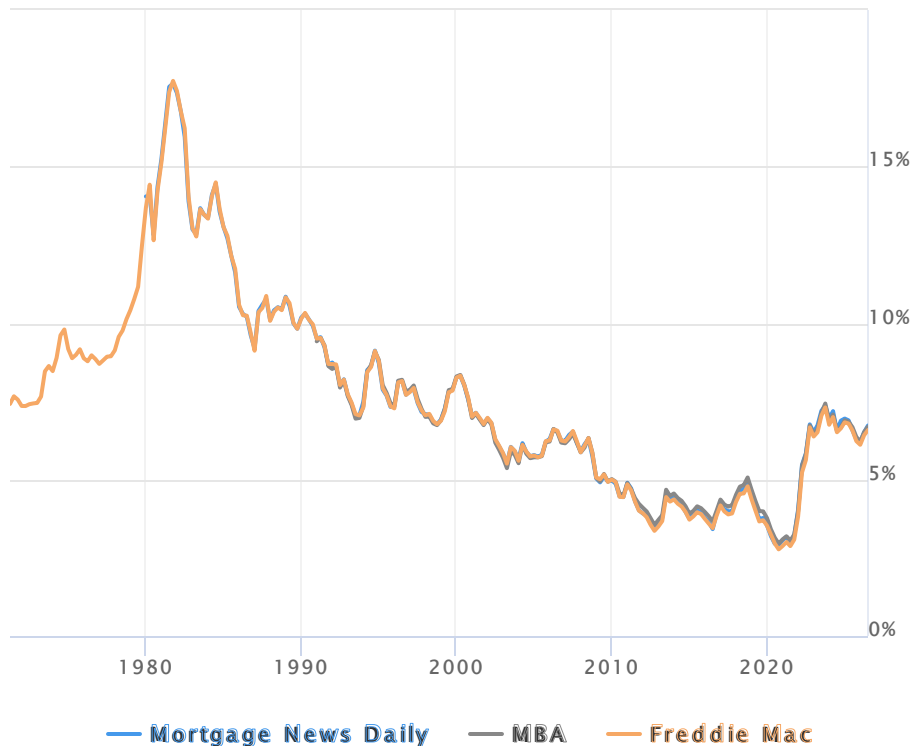
Mortgage Rates Back Near Long-Term Highs

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.



Clayton Silva

Branch Manager, Atlas Mortgage Group (A Team of Cornerstone First Mortgage LLC)

www.atlasmortgagegrp.com

P: (209) 329-8567

clayton@atlasmortgagegrp.com

2655 Camino Del Rio N #100

San Diego CA 92108

2147192

