

MORTGAGE RATE WATCH

Daily Coverage. Industry Leading Perspective.

A message from Tan & Samantha Tunador:

If you are ready to explore homeownership, let's open up a conversation to help you navigate the best route for you with down payment & monthly payment options. Finance programs are unique like you and one size does not fit all. The next step is a simple online application so that we can get you preapproved and ready to look for the perfect home. Unlike shopping for a car or rental applications, the credit pull to buy a home is not a derogatory. Homeownership and wealth building is the goal for all. Would you like to schedule time to chat? If you are a Realtor, would you like this calculator co-branded?

Mortgage Rates Jump After New Treasury Buyback Announcement

What do mortgage rates have to do with Treasuries? Quite a lot, actually. U.S. Treasuries are the bills and bonds issued by the government. In addition to financing government spending, they are also the lifeblood of the financial system. Due to that central role, their liquidity, the immense size of the market, and because they're considered to be "risk free," Treasuries also serve as the baseline for most other interest rates in the U.S.

This isn't to say that mortgage lenders simply look at Treasury yields plus a margin to set mortgage rates. But the trading value of Treasuries has a bearing on how mortgage-specific bonds trade. Put most simply, a mortgage bond buyer/seller compares returns between mortgage bonds and Treasuries to get an idea of the relative value of mortgage bonds. This impacts supply and demand such that mortgage rates typically behave very much like medium-term Treasuries.

With all that out of the way, we're equipped to understand that any big news for Treasuries (even if it's specific to Treasuries) can have far reaching consequences. Today's big news involved a much-anticipated announcement of the size of the next Treasury buyback program. It's not important to understand the nuts and bolts of that program when it comes to today's mortgage rates. What's important is that the market was expecting a bigger announcement than it got.

Even though Treasury buybacks ultimately imply more Treasury sales, they can temporarily boost demand and put downward pressure on rates. If the buyback amount is lower than expected, that means less demand than expected and higher rates, all else equal.



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Mortgage rates were already treading water at long term highs. Today's increase merely caused another incremental jump to slightly higher highs. Last week, rates were the highest since June 2025. Today, they're the highest since May 2025.

