A message from Marc Erickson:

For informational purposes only. This is not a commitment to lend or extend credit. *Information and/or dates are subject to change without notice. All loans are subject to credit approval. Rates vary based upon market conditions and borrower qualification.*

Mortgage Rates Only Modestly Higher Despite Bond Market Losses

We'd be the first to remind you that mortgage rates are primarily determined by trading levels in the bond market--specifically those for mortgage-backed securities (MBS). That said, there are days where rates don't do exactly what MBS suggest. Today was one of them.

According to the bond market, mortgage rates should have been much higher than they were yesterday. As it stands, the average lender was just barely higher.

The discrepancy comes down to the volatility experienced earlier in the week. Lenders have some latitude when it comes to setting mortgage rates. If the underlying market is moving rapidly, lenders may make bigger or smaller adjustments depending on the direction of the move.

In this week's case, yesterday's bond market improvement suggested a sharper drop in rates than we actually saw. In other words, lenders were playing it slightly safer than they needed to. That turned out to have been a good decision, and it meant that they weren't forced to chase the bond market into weaker territory today.

The bottom line is that today's rates were technically only 0.01% higher than yesterday's on average, and also right in line with the rates seen on Wednesday morning before the Fed announcement.

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

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