MORTGAGE RATE WATCH
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Mortgage Rates Had a Better Day, But Still Moved Higher

Mortgage rates have risen more than half a point in 2 weeks. While that's certainly not the fastest jump we've seen, it is an extraordinarily uncommon pace--happening less than once per year on average (i.e. it only happened 3 times between 2010 and 2019).

Today's increase was modest in the bigger picture, adding only 0.04% to yesterday's levels and leaving the average top-tier 30yr fixed rate still just a hair below 7.50%. This is roughly in line with the highs from early 2024 and still well below the highs of 8% seen in October 2023.

Much of today's 0.04% increase can be thought of as a hangover from yesterday's volatility. In fact, the underlying bond market actually **improved** day-over-day. That's something that typically coincides with mortgage rates moving lower.

Whether it means anything about the road ahead is a different matter. If traders knew what the road ahead looked like with any certainty, they wouldn't sit on their hands and lose money between now and then. In other words, anything that you or I can conclude about the near-term future is already priced-in to current levels.

The next leg higher or lower for rates will likely be determined by a combination of economic data that hasn't come out yet and war-related headlines that could either help or hurt the fuel price outlook. Next week is a big week for econ data and every week brings new potential for oil price fluctuations these days. In addition, the month/quarter end trading environment increases the risk of volatility regardless of directional cues from data/events.

Bottom line: all we know today is that bonds suggested a modicum of hope that the rising rate momentum has abated. Now we wait to see if it will reappear next week.

Dale R. Packer, MBA
Owner/Broker, Great American Lending LLC
GreatAmericanLending.us
M: (801) 391-6566
dale@greatamericanlending.us
3918 Badger Ct.
Heber City Utah 84032
MLO-4493
Company-201546