Mortgage Rates End Day Higher Despite Promising Start

For a few moments this morning, it looked as if rates might buck the recent trend and recover a bit of ground today. The underlying bond market was fairly flat overnight and then managed to improve after this morning's PCE inflation data. But that improvement was short-lived.

Top tier 30yr fixed rates jumped to 7.60%. That's only 0.02% higher than yesterday, but yet another long-term high.

As frustrating as it continues to be, there are no convenient scapegoats for the reversal in terms of intraday news/data. Some small case could be made that the day's economic data wasn't exactly rate-friendly, but the timing of the market movement and indicators elsewhere in the market suggest that's a waste of time.

The only irrefutable way to connect cause and effect is to use broad strokes. The bond market is in the midst of a fairly rapid reassessment of the outlooks for Fed policy, inflation, and the supply/demand equation for government debt. Today may have seen some additional volatility due to the mechanics of the month/quarter-end trading environment, but not to the extent that anyone should expect rates to magically fall just because tomorrow is a new month.

A meaningful drop in rates will require one or more of these things:

- Iran war ending and fuel prices dropping
- economic data weakening
- inflation falling significantly and sustainably

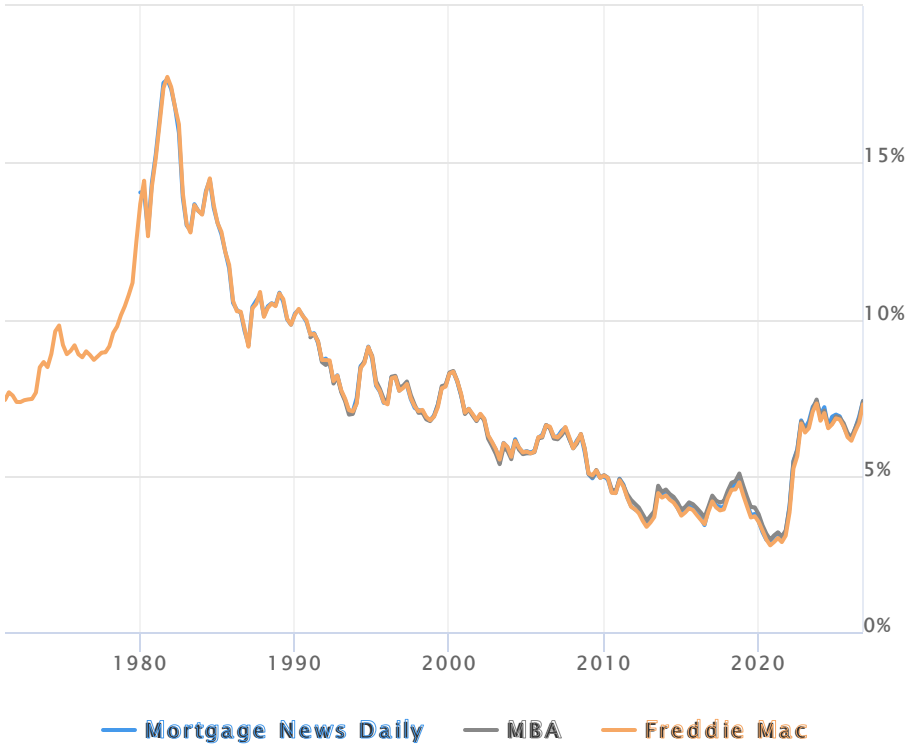


Brendon Garcia
Broker/Owner,
Collaborative Capital
https://brendongarcia.com/
P: (805) 253-2053
brendon@brendongarcia.com
Westlake Village, California
NMLS# 278724
NMLS# 2385760

COLLABORATIVE CAPITAL

© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.

There are other things that can help/hurt, but these are the big three at the moment.



© MBS Live, LLC. All rights reserved. This newsletter is a service of MBS Live.