# Mortgage Rates Inch Up to Another Recent High

The good news is that today's average top-tier 30yr fixed rate ended only 0.01% higher than last week's high (7.61 vs 7.60). If you are only interested in good news, have a great rest of your Monday and you're free to go.

The rest of the news isn't terrible, but we we can't classify it as "good." Bonds lost ground today and, as has been the case on many recent occasions, there weren't any new, obvious scapegoats.

On a vast majority of days when rates make a move, there's a decent enough case to be made for some underlying cause. These days however, it's increasingly common to have to fall back on generalities like the following (warning: the list can be esoteric in parts, for those who aren't bond nerds):

- Iran War's implied impact on inflation and Treasury issuance
- Elevated Treasury issuance (fiscal imbalances)
- Elevated corporate bond issuance (competes for investor demand)
- Resilient stocks (competes for investor demand)
- Generally/gradually lower foreign demand (partly driven by tariffs and weaker trade relationships)
- Genuine strength/resilience in economic data
- A Federal Reserve that is willing to use the Fed Funds Rate to fight inflation (not the perfect tool, but it's the tool they have)

None of these bullet points received a big new dose of information today, though that doesn't mean investors can't react to them over time. In addition, the bond market may be somewhat anxious ahead of this week's scheduled Treasury auctions, but we'll cross that bridge if we come to it (it's been a while since a Treasury auction cycle had a legitimately big impact on rate momentum).

If anything, the simplest way to approach the current rate environment is to imagine some line in the sand in terms of rates/yields that will be high enough for investors to view as an unequivocally good entry point to own bonds for long-term return on investment rather than as a tactical or compulsory trade. In 2023, it was when 10yr Treasury yields hit 5%. This time around, it's "something higher."



Sean Bailey
President, The Lending Lab
www.thelendinglab.com
**M:** (678) 231-2462
sean@investwithsean.com
Jacksonville FL 32073
NMLS # 2128276

THE LENDING LAB

Member FDIC

EQUAL HOUSING LENDER

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