The Sun Also Rises For Mortgage Rates

By: Matthew Graham | Wed, Mar 23 2022, 4:34 PM

The month of March has amounted to a very long night for the mortgage market with rates not only moving higher at one of the fastest paces on record, but also hitting levels not seen since late 2018. Moments of meaningful reprieve have been all but nonexistent until today, and even today's version comes with some qualifiers.

What sort of reprieve are we talking about? We probably won't really know the extent of it until tomorrow morning, and that's only if the bond market manages to hold its ground between now and then. If it does (and even if it doesn't), rates dropped more today than they have in weeks, and it was only the second time they dropped in weeks.

Now for the less pleasant qualifiers. If we remove yesterday from the mix, today is still the worst day for mortgage rates since 2018 (neck and neck with Monday, to be fair, but remove Monday and nothing else comes close). Additionally, days like today are increasingly bound to happen when the bond market is moving toward higher yields/rates as aggressively as it has in 2022.

On at least 7 occasions since the Fed began significantly revising its policy path in September 2021, rates have thrown convincing head fakes that suggested things might cool down for more than 2-5 days. But in every one of those cases, things didn't continue to cool down. They all proved to be quick corrections amid a much bigger move higher.

Is this time different? Obviously, if we're talking about 2-5 days being the "head fake" time frame, it's too soon to tell. This is only really day 1 in that regard. It's certainly possible, and it's certainly the best shot we've had so far given what we know about the fundamental inputs driving the volatility and about how these things have played out in the past. It's important to understand, however, that this outlook is provided in **relative** terms. In other words, chances are better than they were the last 7 times, but only time will tell if chances are good enough for this bounce to matter.... 2 to 5 days of time, specifically.

As for nuts and bolts, the average lender is anywhere from 0.04-0.08% lower this afternoon compared to yesterday afternoon. Many lenders fall outside that range. Top tier conventional 30yr fixed scenarios are still in the 4.625%-4.75% neighborhood, but are now congregating closer to the lower boundary of that range.

View this Article: https://www.mortgagenewsdaily.com/markets/mortgage-rates-03232022