Black Diamond
Mortgage Professionals, Black Diamond Mortgage Corporation
NMLS 209137
307 Spokane Ave, Suite 103 Whitefish, MT 59937

Office: 4068624999
david@blackdiamondmortgage.com
View My Website

Higher Stocks and Lower Rates. Who's Lying?

Low interest rates have been one of 2020's most pleasant surprises. Heading into the end of 2019, there were more than a few reasons to worry that rates would be moving steadily higher this year. The upside is that they would at least be starting that journey near enough to all time lows and that the same forces pushing rates higher would also help stocks pursue new all-time highs.

But wait... How can we be talking about rates near all-time lows while stocks are near all-time highs? Doesn't conventional wisdom dictate that rates and stock prices typically move in the **same** direction?

Yes and no. It is true that economic strength generally puts upward pressure on both stocks and rates (and vice versa), but that's far from the only factor. Inflation has historically been a fairly critical factor for rates and it really threw the long-term relationship with stocks out of whack in the early 80's. Hyper-inflation set the highest bar we're ever likely to see for rates, and most of the past 40 years has simply been a return to earth. Meanwhile, stocks have done what stocks generally do.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.42%	+0.12	0.00
15YR Fixed	7.00%	+0.08	0.00
30YR FHA	7.00%	+0.11	0.00
30YR Jumbo	7.46%	+0.06	0.00
7/6 SOFR	7.05%	+0.25	0.00
30YR VA	7.01%	+0.11	0.00

Rates as of: 11/12

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.73	-0.03
10 YR Treasury	5.1474	+0.0178
30 YR Treasury	5.4763	+0.0215

Pricing as of: 11/13 9:12AM EST

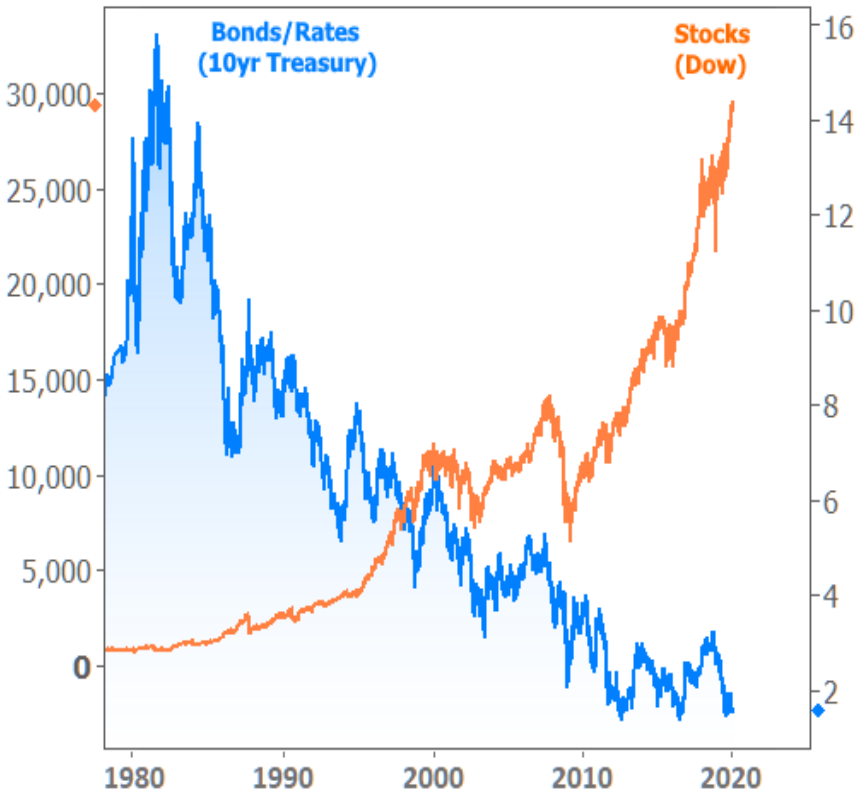
Recent Housing Data

		Value	Change
Mortgage Apps	Oct 28	192.6	-1.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/blackdiamondmortgage



While there will always be "down times" for stocks, in the long run, they'll continue to grow as long as the economy grows. Rates, on the other hand, are **designed to oscillate** inside a range (even though the 80's make it seem otherwise) regardless of the size of the economy.

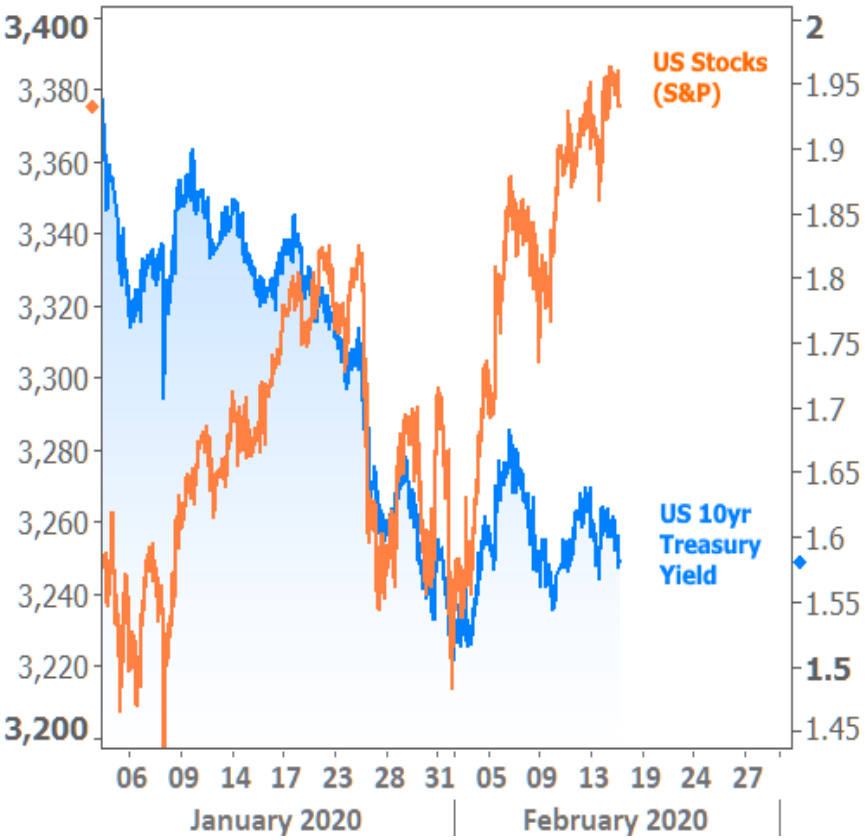
Unless the economy is actively moving into or out of a recession, our best chance to actually see correlation between stocks and bonds is to look at much shorter time-frames. Odds improve when the overall market is in the middle of reacting to some **temporary, unexpected shock**. The Fed complicates things as accommodative Fed policy generally acts to push stocks and bond yields in opposite directions.

Right now, we do indeed have a friendly Fed and we're definitely not actively moving into or out of a recession. In other words, there's very little to inform stock/bond correlation apart from **unexpected market shocks like coronavirus**. As the following chart shows, coronavirus took a clear toll on both stocks and bonds in late January. The improved outlook in early February prompted a rebound, but bonds haven't been as quick to move back up.

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/blackdiamondmortgage



Even without coronavirus, the general trend over the past year has been toward higher stocks and lower rates. Correlations certainly emerged when the trade war hit (that's one of those "unexpected shocks"), then again when trade prospects improved, and most recently amid the coronavirus volatility. But in the bigger picture, we're **still** left with bonds resisting a move higher despite stocks surging to all-time highs.

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/blackdiamondmortgage



To reiterate, the **Fed is a big piece of that puzzle**. They've been able to offer the market accommodation in a few ways recently. The most significant way is simply their guidance about what it would take for them to hike rates. Strong economic data would normally cause concern for Fed rate hikes, but that won't do it this time around. They'd have to see a big uptick in inflation, and that's proven to be elusive time and again in recent years (so much so that policy officials openly express confusion as to why it hasn't shown up). Additionally, the Fed repeatedly says the next economic downturn will see a reprisal of the same sort of bond buying programs that juiced financial markets during the great recovery (2011-2015).

All that to say, bonds/rates have some **reasons to avoid** a quick return to recent highs, even as the stock market can justify it. Coronavirus adds to the discrepancy because bonds are accounting for the economic impact likely to be seen in the near future while stocks are fresh off a strong earnings season and generally riding the wave of ongoing US economic expansion. Bonds are also a global safe haven in times of uncertainty. The US economy is decent for now, so US stocks are forgiven for being as high as they are. But the Chinese economy will undoubtedly take a bigger hit from coronavirus--so much so that investors haven't been nearly as quick to fuel a rebound in Chinese stocks.

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/blackdiamondmortgage



Bottom lines on stock/bond discrepancy:

- A friendly Fed serves as a backdrop for generally lower rates and higher stock prices
- Coronavirus hurts the Chinese and global economies more than the US economy
- Global investors use the US bond market as a safe haven (which puts downward pressure on rates)
- The US bond market always does more to price in economic expectations for the future than the stock market

Subscribe to my newsletter online at: http://housingnewsletters.com/blackdiamondmortgage

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Feb 11				
1:00PM	3-Yr Note Auction (bl)	38		
Wednesday, Feb 12				
7:00AM	w/e Mortgage Refinance Index	3123.6		2975.7
7:00AM	w/e MBA Purchase Index	267.4		283.8
Thursday, Feb 13				
8:30AM	Jan Core CPI (Annual) (%)	+2.3	2.2	2.3
8:30AM	w/e Jobless Claims (k)	205	210	202
Friday, Feb 14				
8:30AM	Jan Retail Sales (%)	0.3	0.3	0.3
8:30AM	Jan Import prices mm (%)	0.0	-0.2	0.3
9:15AM	Jan Industrial Production (%)	-0.3	-0.2	-0.3
10:00AM	Feb Consumer Sentiment	100.9	99.5	99.8

Event Importance:

No Stars = Insignificant
☆ Low
★ Moderate
★★ Important
★★ Very Important

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/blackdiamondmortgage

Date	Event	Actual	Forecast	Prior
10:00AM	Dec Business Inventories (%)	+0.1	0.1	-0.2
Monday, Feb 17				
12:00AM	Presidents Day			
Tuesday, Feb 18				
8:30AM	Feb NY Fed Manufacturing	12.90	5.00	4.80
10:00AM	Feb NAHB housing market indx	74	75	75
Wednesday, Feb 19				
7:00AM	w/e MBA Purchase Index	258.4		267.4
7:00AM	w/e Mortgage Refinance Index	2875.1		3123.6
8:30AM	Jan Core Producer Prices YY (%)	+1.7	1.3	1.1
8:30AM	Jan House starts mm: change (%)	-3.6		16.9
8:30AM	Jan Housing starts number mm (ml)	1.567	1.425	1.608
8:30AM	Jan Build permits: change mm (%)	9.2		-3.7
8:30AM	Jan Building permits: number (ml)	1.551	1.450	1.420
Thursday, Feb 20				
8:30AM	Feb Philly Fed Business Index	36.7	12.0	17.0
8:30AM	w/e Jobless Claims (k)	210	212	205
10:00AM	Jan Leading index chg mm (%)	0.8	0.4	-0.3
Friday, Feb 21				
9:45AM	Feb PMI-Manufacturing (Markit)	50.8	51.5	51.9
9:45AM	Feb PMI-Services (Markit)	49.4	53.0	53.4
10:00AM	Jan Existing home sales (ml)	5.46	5.43	5.54
10:00AM	Jan Exist. home sales % chg (%)	-1.3	-1.8	3.6
Tuesday, Apr 07				
1:00PM	10-yr Note Auction (bl)	25		
Wednesday, Apr 08				
1:00PM	30-Yr Bond Auction (bl)	17		

Enjoy your free mortgage news from Black Diamond Mortgage!

Visit us at www.blackdiamondmortgage.com for more information or contact us for the latest!

We have great videos on Youtube! https://www.youtube.com/channel/UCXrbRfaT4kIHjX0P3ovelnA

Black Diamond

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/blackdiamondmortgage