

Mortgage Rates Drift Down to New 6-Month Lows

Mortgage rates moved **slightly lower** again today--extending a steady string of improvements that began after last week's Fed announcement. The average lender is now able to quote conventional 30yr fixed rates that are at least as low as those seen in the middle of July. In most cases, today's offerings are slightly better.

The **details can vary** quite a bit depending on the scenario (purchase/refi, credit, downpayment, etc), but best-case scenarios have been back in the "high 2's" for weeks. In almost all cases, today's rates are the lowest since the beginning of February.

What's up with the refreshingly strong move back toward all-time lows? At the beginning of the year, **if you could only make one bet** on rates, "higher" made more sense than "lower." That would actually still be a good bet as January 4th rates are still quite a bit better than today's. On the other hand, we've undone an impressive amount of 2021's rate spike. The overarching reason for this is "covid," both in a broad sense and in the shorter-term as rising case counts create economic uncertainty.

The **less obvious** key reason is that the market knew rates needed to go higher late last year and arguably got ahead of itself in that process (granted, if covid case counts were unchanged from June and if we'd never heard of the delta variant, it might be a different story.)

There are supporting actors as well. Economic data is the most notable. The sum of multiple months of economic reports can help the Fed dial in its bond buying policies and communications (a major consideration for rates). The rest of the week presents **elevated risks** and opportunities in that regard as several big economic reports will be released.

Tomorrow brings 2 of the 3 remaining big-ticket reports (ADP employment and ISM Non-Manufacturing). The headliner is on Friday morning with the official government jobs report.



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