

MORTGAGE RATE WATCH

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Highest Rates in a Week After Surprisingly Strong Economic Reports

Mortgage rates moved higher again today, bringing the average lender to the worst levels since last Thursday. There are a few exceptions to that due to recent regulatory changes. Specifically, many lenders made improvements to loans for 2nd homes and investment properties. That's the short version. If you need to background, here's the long version.

The average loan scenario was unaffected by the regulatory changes and thus was free to react to the day's bond market weakness. Bonds responded immediately to a pair of economic reports that came in much stronger than expected this morning. In general, stronger data pushes bond prices lower and yields (aka "rates") higher. The **culprits** in this case were the Retail Sales data for August and the Philadelphia Fed's Manufacturing Outlook Survey from early September. Both came out at 8:30am ET, and by 8:35am, the damage was done.

In the **bigger picture**, today's drama is a drop in the bucket. Rates remain broadly sideways since July with most traders expecting to see more volatility after next week's Fed announcement on Wednesday afternoon.



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