

MORTGAGE RATE WATCH

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Another Good Day For Rates, But Tomorrow is Anyone's Guess

Mortgage rates began the day moderately **lower** compared to yesterday's latest levels. The size of the move depends on the time of day in question due to intraday movement in the bond market. Simply put, bonds improved steadily from the beginning of the day yesterday and ultimately peaked around 11am today. In general, bond market improvement correlates with lower rates.

The first effect of this 2-day move was for the average lender to offer mid-day improvements yesterday. Those who did (a vast majority) were still able to offer even lower rates this morning. Lenders who did NOT offer mid day improvements yesterday made even bigger leaps toward lower rates. When the dust cleared, the peak to trough move accounted for **almost an eighth of a percent** of improvement.

Tomorrow could add to the good times or **completely reverse them** depending on how the market reacts to the Fed's tapering announcement. To be clear, this is a scheduled policy meeting/announcement for the Fed. While they will not make any changes to their rates, they are widely expected to announce that they'll begin winding down their bond purchase program. Traders know this and have prepared for it, but there could still be big movement in the bond market in the afternoon.



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