MORTGAGE RATE WATCH
Daily Coverage. Industry Leading Perspective.

Mortgage Rates Start Strong, But Ended Higher

Mortgage rates started weaker and ended stronger yesterday. **Unfortunately**, today delivered exactly the **opposite** scenario. The underlying bond market (the most important factor in determining mortgage rates) started the day at levels that would have allowed lenders to offer some of their lowest mortgage rates since early November. But bonds began to deteriorate too early in the day for lenders to ignore.

As the day continued, mortgage bonds lost **more** ground. Ultimately, a majority of lenders were forced to adjust rates **even higher** than the day's initial rate sheets. The net effect is an average conventional 30yr fixed quote that's right in line with levels from Tuesday afternoon. Depending on the lender and the scenario, this is anywhere between 3.0 and 3.375%.

Volatility remains a risk as markets are set to digest tomorrow's big jobs report. Farther out on the horizon, the next Fed meeting (Dec 15) could have a big impact on bonds/rates if the Fed decides to accelerate its tapering timeline--something that Fed speakers have overtly discussed this week. **In the other corner**, the omicron variant--if it proves to be as big of a deal as some suggest--represents the biggest potential source of downward pressure on rates.

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