MORTGAGE RATE WATCH
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Rates Reverse Course to Hit Another Long-Term High

Good news continues to be in **short supply** for mortgage rates. In fact, even the good news has ended up being bad on many recent occasions. Today is the latest example as a promising mid-day improvement in rates gave way to a complete reversal by the following afternoon.

The volatility began with **yesterday's Fed announcement**. Rates began the day at the highest levels in more than a decade but managed to drop to the best levels of the week by the close of business. Things began innocently enough this morning with bond markets suggesting that today's rates would be very close to yesterday's.

The promising outlook **lasted about an hour** and then the bond market began to swoon. Stocks were caught up in the same mass liquidation of assets. Different traders and analysts offered different explanations for the move, but all agreed there was no single catalyzing event. Instead, this was a broad tactical shift that unwound yesterday's reaction to the Fed.

In the case of the bond market, unwinding the Fed reaction meant crossing into territory that triggered additional selling. When traders are selling more bonds than they're buying, rate move higher, all other things being equal. By mid day, most lenders had pushed rates up to new long term highs with the average lender up to the **5.5% - 5.625%**. Some where merely in line with yesterday's highs. Others were a bit higher.

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