MORTGAGE RATE WATCH
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Mortgage Rates Unchanged to Slightly Lower

Mortgage rates are coming off of one of their **best** weeks in nearly 2 years, which isn't quite as glamorous as it sounds, but still a good accomplishment (read more about it in last week's recap **HERE**). Rates managed to maintain those levels as the new week began. Some lenders were microscopically better, but not enough to have a noticeable impact on most quotes.

The bond market (which dictates rates) is finally shifting into a more indecisive phase after multiple decisive defeats throughout 2022. Those defeats pushed rates higher at the fastest pace since the early 80s primarily due to inflation and the Federal Reserve's increasingly austere efforts to control it. The Fed is **only just beginning** to embark on their policy tightening campaign (relative to their intended destination), but rates themselves may already be most of the way to the finish line.

The ultimate location of that finish line will **depend** on how inflation evolves from here and the global economic fallout from tighter policy (not to mention the higher costs). In the past 2 weeks, investors have been more vocal in considering that economic fallout. At the same time, there have been some signs that inflation is beginning to decelerate--both **good things for rates**.

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But **don't** expect rates to tumble precipitously. The best way to think about what's happening right now is that a more balanced, uncertain outlook is taking the place of a frenzied dash to push rates higher as quickly as possible without stopping to consider any counterpoints. That means the base case is for sideways volatility, at best. Thankfully, that's a big upgrade relative the what we've seen so far in 2022.