MORTGAGE RATE WATCH
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Lowest Rates in More Than a Month

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Mortgage rates have generally been moving lower for more than 2 weeks now. Today's gains were enough to bring them to their best levels in just over a month. Compared to the most recent highs (also the highest levels in more than a decade), the average lender has improved by roughly **0.35%**. That means the actual note rate will be 0.25% lower for some scenarios and 0.375% lower for others (note: this will not apply to every scenario at every lender. These are just the averages).

While this is an impressive move considering the time frame, there are a few caveats. **First** off, the move would likely not be as big if it began when the trend was flat. In other words, by virtue of a starting point at the highest levels since mid-2009, and at the peak of the fastest, biggest spike since the 1980s, rates had a bit of latent momentum waiting to push back in the other direction. We've been saying this for many weeks: the higher rates go, the more momentum builds in the other direction and the closer we are to finding a ceiling.

Whether or not we've found a ceiling remains to be seen. The **second caveat** may be important there and it's this: the rate rally has certainly benefited from steep declines in the stock market. That happened again today, specifically after the weak New Home Sales data hit at 10am ET. If rates can remain near current levels even after stocks find their own place to bounce, it would be more reassuring for the big-picture trend.

All of the above notwithstanding, the **biggest issue** for rates has been and will continue to be inflation. It has to level off and cool down in order for rates to truly confirm their ceiling. It will take time for inflation data to allay the market's fears. Until then, even though rates have had a great couple of weeks, it's easier to argue for a volatile range that looks more sideways than lower in the big picture.