

MORTGAGE RATE WATCH

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Rates Jump Up To Highest Levels in Nearly a Month

Last week's mortgage rate momentum served to reverse 3 of the best consecutive weeks in nearly a year--themselves a reversal of the worst 4 months since the 1980s. Even after last week's jump, rates remained safely below the long-term highs seen in early May. Now, after a new week began with another volatile jump, that distance isn't quite so safe.

The bond market (which dictates rates) took damage on several fronts today with losses accelerating the most between 10 and 11am. During that time, European bond market drama coincided with increased domestic bond issuance concerns (more issuance = lower bond prices = higher bond yields/rates) as well as plain old momentum and technicals (chart patterns had traders concerned that we saw a near-term floor for rates 2 weeks ago and that rates would now move to test recent ceilings).

All of the above is a complicated way of saying rates moved quite a bit higher today, as far as single days go. The average lender is at least an eighth of a percent (0.125%) higher than they were on Friday. The average conventional 30yr fixed rate is once again back up to at least 5.5% depending on number of mid-day price changes made by any given lender.

Bottom line: if rates were to have another day like they did today, the average lender would be right in long with new, long-term highs (highest since mid-2009).



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