MORTGAGE RATE WATCH
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Mortgage Rates Slightly Higher. More Volatility Ahead

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Rates jumped significantly higher last week and have continued drifting up at a gradual pace since then. The average lender remains in territory that's roughly an eighth of a point below the long highs seen in early May. In more tangible terms, when it comes to a conventional 30yr fixed loan, a lender who was offering 5.625% on May 6th would be at 5.5% today, on average. That same lender would have been offering 5.25% at the recent lows from May 27th.

In other words, we're most of the way back to long-term highs after a solid diversion during the last 3 weeks of May. But the current stance in rates is less interesting than what may lie ahead. If we could only give one name to what may lie ahead, it would be "volatility." If we could use an adjective, it would be "potential."

Why?

Tomorrow morning brings an important policy announcement from the European Central Bank. Granted, Europe is not the US, but there's an interconnectedness in financial markets that means EU rate drama will spill over to US rates, at least to some extent. After that, there's a key inflation report on Friday morning (the Consumer Price Index or "CPI"). If it comes out much better or worse than expected, it could easily push rates an eighth of a point higher or lower.