

MORTGAGE RATE WATCH

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Mortgage Rates Continue Higher Into The 6's

Yes, mortgage rates really moved above 6% yesterday for the first time since 2008. Yesterday's coverage addressed the core of the matter (definitely read that one here if you haven't already). Today was just an addendum by comparison, but an unpleasant one in which rates moved even higher into the 6% range.

The average lender is quoting top tier 30yr fixed rates in the 6.25-6.375% range, but as we discussed yesterday, it's cheaper than normal to buy one's rate down. That means rates in the high 5's are still being quoted, but those quotes imply higher upfront costs (aka "points").

There were no new market movers in play in terms of data or events. A case could be made that this morning's producer-level inflation data wasn't reassuring enough to counteract last Friday's consumer-level data, but rates were likely doomed from the start as traders increasingly got in defensive positions ahead of tomorrow's Fed announcement.

Ultimately, the fate of the current trend will be determined by the Fed tomorrow--at least in the short term. There are several avenues through which the Fed could surprise the market, but it's worth noting that some of those surprises could be good for rates as well. Either way, expect a substantial amount of volatility tomorrow afternoon starting at 2pm.



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NOTE: For those arriving at this site for the first time or who are otherwise unsure whether or not to believe these numbers based on the fact that Freddie Mac's weekly data most recently pegged the 30yr at 5.23%, rest assured. Freddie's numbers are survey based, and that survey only accepts responses Mon-Wed. Based on past comparisons, Monday's mortgage rates are represented better than any other day in Freddie's survey, so it basically ends up looking like a Monday vs Monday rate, using our numbers and then adjusting for the "points" that Freddie uses. Our rate may gap even higher than normal vs Freddie's right now due to the reminder regarding it being cheaper than normal to buy a rate down with points. Even so, expect Freddie's numbers to jump massively when they're released in 2 days.

