

# MORTGAGE RATE WATCH

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## A Rare Winning Streak For Rates, But Don't Get Excited

Now here's a rare thing! Mortgage rates managed to move lower, on average, for the 2nd consecutive business day on Monday. That hasn't happened for roughly 3 weeks, and you'd need to go back another 3 weeks to see the previous example.

So that's the first caveat: these winning streaks have been few and far between.

The second caveat is that winning streaks have been punctuated by much larger losing streaks. The one that ended last Thursday brought rates easily to their highest levels in more than 20 years.

If you've enjoyed those last two counterpoints, let's make it three. Each of the past 2 "wins" has been fairly small--almost insignificant in the big picture. The average lender is still over 7.25% for top tier conventional 30yr fixed scenarios. Additionally, the improvements have been seen largely in the form of lower upfront costs (i.e. the "note rate" on most loan quotes is the same as it was at the recent highs. It just may cost slightly less to get it).

Rates depend on bonds and bonds are in a bad mood due to inflation and Fed policy. We continue waiting for economic data to make a case for a shift in inflation and, consequently, upward rate momentum. While some of this week's data could cause some volatility, we'll be waiting until next week to hear from the Fed (they're on communications lockdown until next Wednesday) and until next Friday to get a look at the big jobs report. In addition to lower inflation, any drift toward higher levels of unemployment would also promote a softer stance from the Fed.



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