

## Lowest Mortgage Rates in 3 Weeks

As of yesterday, mortgage rates were already on their best winning streak since late July in terms of consecutive days spent moving lower. With today's addition to the trend, we'd now need to go much farther back into the past to see another 5 day winning streak.

All that having been said, the length of the winning streak doesn't matter too much. It certainly isn't the largest drop in rates over a 5 day time frame (late July saw more movement in fewer days, in fact). The consistency merely suggests a potential shift in the overall tone from unequivocal panic to something more balanced--a shift that would mirror comments from a Fed speaker last week as well as a widely-cited Wall Street Journal article suggesting the same.

None of this is to say that bonds/rates are moving purely based on emotion and anticipation of a softer stance from the Fed. Certainly the Fed expectations account for some of the friendly momentum enjoyed by rates this week, but in today's case, there were a few supporting actors. These included a European Central Bank announcement that was slightly friendlier than markets were expecting as well as a few clues in economic data that suggested Fed policies were beginning to have an impact.

Of course the Fed's impact is unabashedly obvious in the housing and mortgage markets--a fact that will be even more widely understood with the weekly Freddie Mac survey finally crossing above 7% (a phenomenon we first observed about a month ago). Yes, it is ironic that rates have moved lower for 5 days in a row to the best levels in 3 weeks and the Freddie survey showed rates moving up to new 20 year highs, but it's not an unsurprising result given our past observations about Freddie's methodology.

After being closer to the "mid 7s" last Friday morning, rates are now in the low 7s for the average lender and, in many cases, the high 6's.



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