

# MORTGAGE RATE WATCH

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## Mortgage Rates Drop Modestly to Start The New Year

The bond market (which determines mortgage rates) has officially endured the frustratingly unique holiday trading environment that often creates undue volatility in the 2nd half of December. This time around, it pushed rates higher without any obvious justification, so dare we say it makes better sense to see a bit of a recovery as bonds get back to more normal business in the new year?

It's easy enough to say it makes sense now that we know rates moved slightly lower today, but there are no guarantees for the movement in the coming days. Where rates go from here will be determined by incoming economic data. In that regard, Friday's big jobs report is this week's centerpiece, but even tomorrow's manufacturing report from the ISM has the power to help or hurt.

For now, the average lender is moving back down below the 6.5% threshold for top tier 30yr fixed rates, but just barely. That number was getting close to 6.0% in early December and was more than half a point higher as of last week.



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