

MORTGAGE RATE WATCH

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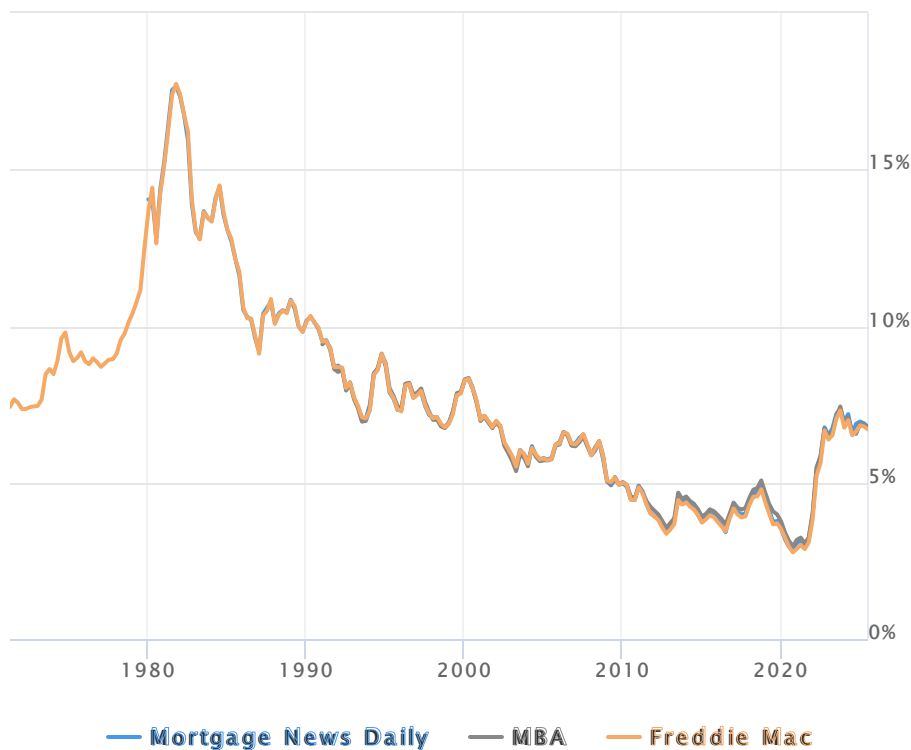
Mortgage Rates Approaching 4-Month Lows

Last Friday was a great day for mortgage rates with two important economic reports helping the bond market make serious gains (read more). Mortgage lenders base their rates primarily on the bond market, but they aren't always eager to drop their rates as much as the market suggests on Friday afternoons. If the bond market remains in good shape on Monday morning, there's usually a bit of extra improvement and that was the case today.

The average lender is only slightly better versus last Friday, but that brings them almost perfectly in line with the lows seen on December 15th. You'd have to go back all the way to September 12th to see anything lower.

In other words, if we see even the smallest amount of improvement between now and Thursday, Jan 12th, we'll officially have the lowest rates in 4 months.

The catch is that there's some extremely important economic data (The Consumer Price Index or "CPI") due out on Thursday morning and mortgage lenders will definitely be waiting to see how the bond market responds before updating Thursday's rates. Bottom line: we're close enough to 4 month lows right now, but rates will either be going noticeably higher or lower on Thursday depending on the results of the CPI data.



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