Mortgage Rates Bounce Slightly Higher

After coming close to the lowest levels in 4 months yesterday, mortgage rates bounced slightly higher today. There's never any way to know exactly what rates will do in the future, but it's not a huge surprise to see the bond market (bonds dictate rate movement) consolidating.

What does that mean?

In market jargon, "consolidation" is a somewhat vague term that refers to the price or yield of a security doing "something else" after making a meaningful run in either direction. For example if rates level-off after spiking higher for several days, that could be a consolidation. Amid that leveling-off process, there could be some good and bad days, but if rates aren't moving beyond the scope of the initial move, they could be considered to still be consolidating.

Why does consolidation make sense right now?

To reiterate the point above, consolidation is always a possibility when rates go on a run. The run can last days, weeks, or even months. In this case, we have a run toward lower rates that essentially lasted 2 days. Consolidation also makes sense in advance of really important data or events. In this week's case, we have the most important monthly economic report due out on Thursday.

Bottom line, due to a combination of the strong move over the past 2 business days and the looming economic data on Thursday, it's not a surprise to see consolidation. It wouldn't be a surprise to see something similar tomorrow.

Fortunately, today's move is very small in the bigger picture and the average lender remains in the mid-to-low 6% range for top tier conventional 30yr fixed scenarios.

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