MORTGAGE RATE WATCH
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Mortgage Rates Have Been Calm So Far This Week. That Could Change Now

Mortgage rates have been roughly in line with last week's latest levels at the beginning of the current week. That means they're fairly close to the 4 month lows seen 2 weeks ago with the average lender able to offer conventional 30yr fixed rates in the low 6% range on top tier scenarios.

The past several weeks have been the calmest in more than a year. This has more to do with indecision than intention. Market participants are waiting to see what the data says about the next leg of the journey and how the Fed will respond to the data.

We'll get our latest update from the Fed tomorrow where they're all but certain to hike rates less than last time (0.25% instead of 0.50%). Fed Chair Powell is likely to remind the market that the smaller rate hike isn't a sign that the Fed is going easy on inflation--simply that the Fed Funds Rate is getting closer to the level where they'd like to hold it steady for as long as possible and let the disinflationary vibes soak into the fabric of the economy.

Powell's comments (and the market's interpretation of them) could cause plenty of volatility in the bond market that underlies mortgage rates. That volatility could continue into Thursday and Friday as other big central banks make their own policy announcements. There are also several important economic reports that could lead traders to revise their assessment of the Fed's likely course of action.

In other words, even after the Fed-induced volatility, traders could find new reasons to buy/sell bonds at an even faster pace, thus causing bigger movement in rates for better or worse.

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