MORTGAGE RATE WATCH
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Mortgage Rates Quickly Approaching 6% Again

It seems like only a few weeks ago that the average 30yr fixed mortgage rate was surging up to 7% from 6% just a few weeks earlier. In fact, it doesn't just seem that way. That's exactly what happened on March 2nd. Rates remained near 7% through March 9th, but quickly began to fall after the Silicon Valley Bank failure.

Since then, additional concerns about the banking sector and a slew of weaker economic reports have kept downward pressure on rates. This week's reports have been especially helpful. Today's installment featured the most widely followed report on the services sector coming in much lower than expected. A sub-component of that report suggested the lightest inflation pressure since mid 2020.

Rates are determine by bonds. Excess demand for bonds = lower rates. Investors buy more bonds when the economy is weakening and inflation is less threatening. All that to say that the present drop in rates is exceedingly logical based on the economic data.

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The two biggest economic reports of any given month will hit over the next few business days (Friday's jobs report and next Tuesday's Consumer Price Index). If these reports sing a similar tune to the data seen so far this week, rates could soon be under 6%. If they come in unexpectedly higher, rates could move quickly back up into the mid-6% range.