

## Mortgage Rates Drop For The First Time in More Than 2 Weeks

Mortgage rates dropped at the fastest pace in weeks today, but that isn't saying much in and of itself considering rates have only moved lower 3 times during the entire month of August. One of the other drops was small. The other one was large, and today's drop was nearly as big as that one. Before that, you'd have to go back a few months to see anything bigger.

In more specific terms, today was one of what tend to be only a handful of days on any given year where rates dropped by at least an eighth of a percent (the standard increment separating most lender's mortgage rate offerings).

Improvements like this are more common after a string of bad luck. The bigger and 'badder' the preceding rate spike, the more primed the market is to blow off some steam when it gets an excuse.

Today's excuses came in the form of weak economic data both at home and abroad. Economic data is important to the bond/rate market. The Fed has been clear that it has no incentive to consider a softer stance on rates until the data shows signs of softening.

Fed or no Fed, a shift from stronger to weaker economic data would be consistent with a shift toward lower rates. While today's reports cast votes in favor of that shift, it will take a much broader sample of data making the same suggestions over multiple weeks (or months) to truly confirm.

Translation: rates were stretched high like a rubber band and today's economic data released the tension. From here, rates will wait for additional data as well as Friday's Jackson Hole speech from Fed Chair Powell.



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