MORTGAGE RATE WATCH

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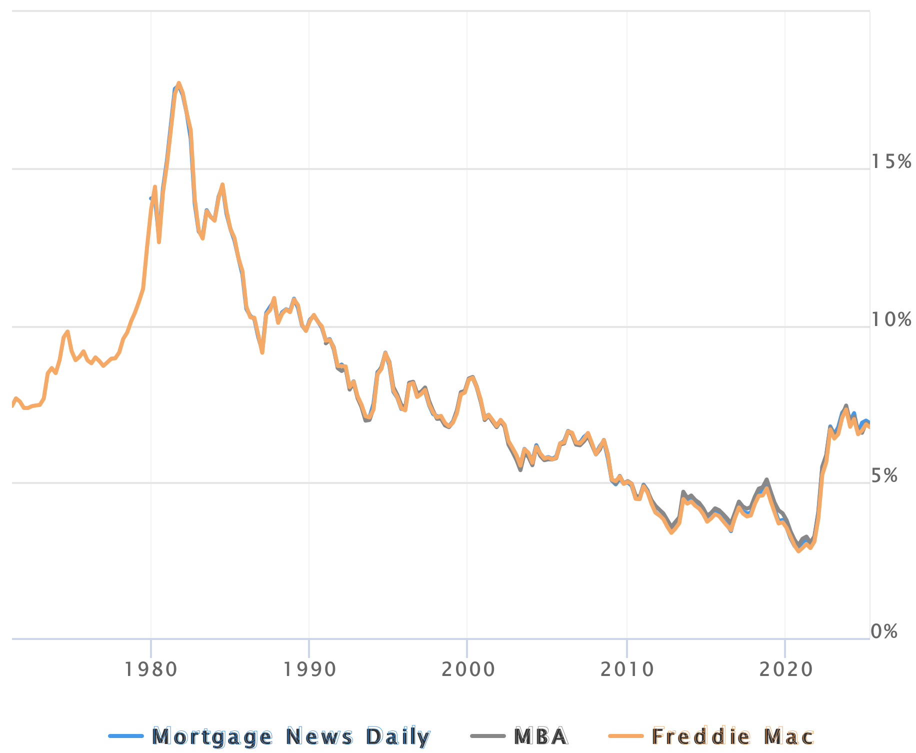
Mortgage Rates Effectively At 4 Month Lows

Right from the start and with only a few days that didn't fit the narrative, November was a stellar month for mortgage rates, and December is picking up right where it left off. The first few days of the new month have only seen rates move lower by 0.07%, but that's a strong showing considering the drop of almost 3/4th of a percent from 10/31 through 11/30.

Frequently, when rates enjoy winning streaks of that size and duration, we'll see a more concerted effort in financial markets to circle the wagons and push back a bit. One could make a case that we saw just that sort of push-back between Nov 3rd and 13th when the average rate rose 0.20%, but even that was a small correction relative to 0.50% drop seen over the first 3 days of the month.

The absence of 2-way volatility has been especially notable since 11/15/23 without any spike bigger than 0.03. What's up with this uncanny, super-stable strength?



In not so many words, the data and events have justified what we've seen up until this point. 11/14/23 was the last major inflation report and it was good for rates. Since then, there haven't been any big red flags in other reports. Fed speakers have been open-minded about what comes next for rate policy. Even when we look at more loosely-related threats to rates, such as energy prices (due to their inflation implications), we find oil at the lowest levels since July.

Incidentally, mortgage rates are now effectively at the lowest levels since July, albeit late July. There have been a few days where our 30yr fixed rate index was slightly lower, but not by enough that the average borrower would see a difference in a rate quote.

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Today's friendly nudge came from a government report on job openings. It was at the lowest levels since early 2021 and much lower than analysts expected. That may not sound like a good thing, but the labor market had been running too hot. Job openings are still "above-trend," in fact, but by cooling off at a faster pace, there are positive implications for interest rates.

Rate quotes are highly stratified almost any time that rates have been moving as much as they have in the past few months. This week is no exception. Depending on several variables, some borrowers will see rate quotes in the mid 7% range while others are already seeing mid-to-high 6's.