

New 6-Week Highs For Mortgage Rates

Today's mortgage rate recap is remarkably similar to yesterday's. Rates rose modestly from levels that were already near recent highs, thus technically setting another "highest in x weeks" milestone. X = 6 in today's case with Wednesday, December 13th being the last time lenders were offering conventional 30yr rates any higher.

NOTE: the rate chart on mortgagenewsdaily.com will show Dec 13th's rate at 6.82, but that's only because that chart marks the latest level of any given day. The index actually began the day at 7.02%, which is still quite a bit higher than today's mark of 6.95%. As always, focus on the changes from one time frame to the next as opposed to outright levels.

Today's jump in rates was logical based. At present, we expect to see rates reacting to economic data and other reliable market movers like Treasury auction results. Both of today's example were unfriendly, resulting in immediate deterioration in the bond market.

Mortgage rates are based on bonds and when bonds are losing ground in the middle of the day, many lenders increase rates in the middle of the day. That was ultimately what took today's average to 6 week highs.

To repeat the perspective offered on several recent occasions, current rates are still more than a percent lower than the highs seen in October. Rates are neither doomed to spiral out of control, nor necessarily destined to plummet. Their direction will be determined by the tone of economic data, inflation, and the Fed's interpretation of all of the above.



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