

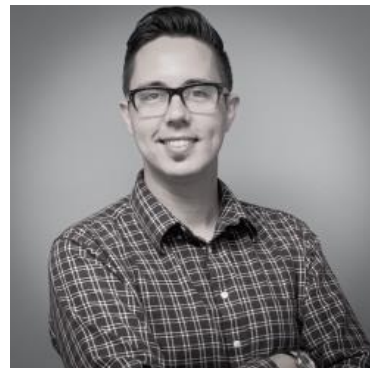
Mortgage Rates Inch to March Highs

Rates marched higher to the highest levels in March today, but most lenders are only microscopically worse off than Friday afternoon. In the slightly bigger picture rates have moved up roughly a quarter of a percent in just over a week and that's a relatively quick move.

The last time rates rose a quarter of a point in short order was at the beginning of February. The entire jump happened in a single day following the release of much stronger jobs data. It was also followed by additional momentum thanks to inflation data in the following week.

The current move is also data driven with two inflation reports coming in hotter than expected last week. The average lender is now very close to their highest levels in several months, which seems fitting considering the arrival of the next Fed announcement on Wednesday.

We already know the Fed will not be cutting rates. We don't know how they'll adjust their rate outlook for the rest of the year. The last update (on December 13th) was very friendly. This update should be less so. If the Fed's shift in "friendliness" matches market expectations, we may not get too much volatility, but considering the circumstances, volatility is a distinct risk.



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