MORTGAGE RATE WATCH

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Mortgage Rates Essentially Flat Just Under 5 Month Highs

Mortgage rates began the new week at almost exactly the same levels seen at the end of last week. There were no major events or economic reports to cause volatility in the underlying bond market, but bonds were able to improve modestly by the end of the day.

In general, bond market improvement leads to lower rates. The catch, in this case, is the improvement was fairly small and that it was offset to some extent by modest weakness earlier in the day. Even so, a handful of lenders offered mid-day improvements. Other lenders will technically be more likely to improve tomorrow morning if bond market trading levels are unchanged (and that's not something that can be guaranteed or even assigned better than a 50% probability).

By staying near Friday's levels, the average lender is just shy of the highest rates in 5 months. A top tier conventional 30yr fixed scenario is still in the mid 7% range.

Volatility will definitely be higher next week due to the calendar of events, but it could start increasing in the coming days as well. There's no directional connotation to "volatility." It's an inherent 2-way street. The direction of the movement will depend on the tenor of the data. It looks like rates are at least willing to treat current levels as a ceiling, but only if we finally see some friendlier data--something that's been hard to come by since February.

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