

# MORTGAGE RATE WATCH

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## Mortgage Rates' Impressive Winning Streak Faces Increasing Resistance

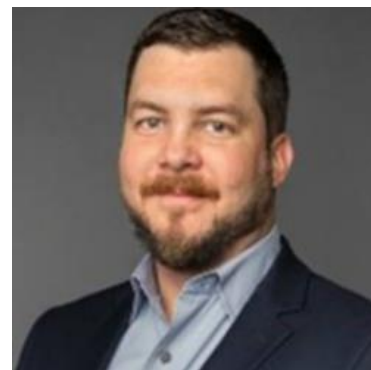
We occasionally reference 5 day winning streaks for mortgage rates as the sort of uncommon occurrence that greatly increases the odds of at least a temporary pullback. Longer streaks do happen, but odds of a pullback increase sharply after 8 days.

With all that in mind, today marked the 8th straight day of improvement in mortgage rates.

Does this mean we're destined to see rates move higher tomorrow? Not necessarily. First off, we can never be sure we're destined to see any particular outcome when it comes to the simple question of whether rates will move higher or lower over such a definite time frame.

Perhaps more interesting is the fact that the underlying bond market (rates are a factor of bond prices) has already seen a mild pullback that began shortly after last Thursday's inflation data. It was just mild enough that the average mortgage lender was able to avoid increasing rates since then.

Last but not least, rather than rely on precedent in the absence of context, we should consider that rates have been responsive to a small group of important economic reports. While it's not on the same level as last week's inflation data, tomorrow's Retail Sales data is one such report. Simply put, there's no magic rule that would preclude a 9 day winning streak if Retail Sales happened to fall far enough below forecasts. Conversely, if the data is surprisingly strong, rates would likely rise and it would have nothing to do with the low odds of 9 day winning streaks.



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