

MORTGAGE RATE WATCH

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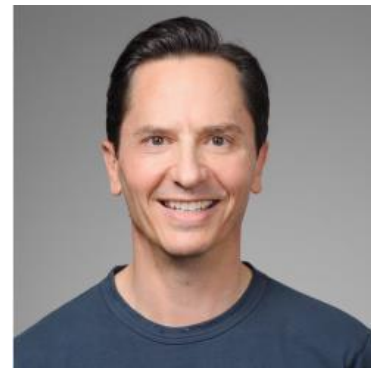
Mortgage Rates Start Week at 6 Month Lows

Although the range has been very narrow for the past few weeks, average mortgage rates nonetheless fell to the lowest levels in more than 6 months. Top tier conventional 30yr fixed scenarios are well into the high 6's now, with our proprietary daily average at 6.81, matching the levels seen on July 15th and 18th.

Rates are driven by the bond market and bonds had a calm and positive day. There were no major economic reports, but positive momentum remained intact from last Friday's well-received inflation report.

In addition to economic data, bonds are driven by anything that clearly impacts supply or demand. As such, when the U.S. Treasury announces updated borrowing amounts on a quarterly basis, it can cause rate volatility. Today brought the first half of one of these quarterly announcements, but it was largely in line with the market's expectation. If there was any impact on bonds, it was modestly favorable, but not enough to result in any mortgage lenders making changes today.

The rest of the week is most likely to be determined by economic reports as well as the reaction to Wednesday's Fed announcement. The Fed is not expected to cut rates at this meeting, but some investors will be looking for clues about a September rate cut, currently seen as a near certainty.



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