MORTGAGE RATE WATCH

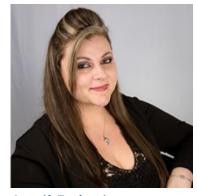
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Mortgage Rates Side-Step Into Holiday Weekend

While this week's rates were substantially higher than most of last week's, if we remove a few flashes of volatility, the average lender stayed very close to Monday morning's levels. Wednesday afternoon and Thursday mid-day definitely saw multiple negative reprices, but in each case, the bond market recovered enough to limit the volatility. Compared to last week, it may as well have been a flat line.

The following chart shows the mortgage backed securities (MBS) prices that directly dictate mortgage rate movement. Higher prices = lower rates and vice versa.





April Palacios
Branch Sales Manager,
Fairway Independent
Mortgage Corporation
P: (980) 290-4140
M: (704) 989-2961
6431 Old Monroe Rd, Suite 201
Indian Trail North Carolina 28079
124941



Today's economic data included a wholesale inflation report that has occasionally caused some volatility, but today's installment was not one of them. The bond market improved a bit heading into the afternoon and traded calmly from there. As such, mortgage lenders were not compelled to make any negative mid-day changes after setting this morning's rates very close to yesterday's latest levels.

The next time lenders have a chance to set mortgage rates for the day will be Tuesday due to the market closure on Monday for Indigenous Peoples' Day.