

# MORTGAGE RATE WATCH

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## Mortgage Rates at 4 Month Highs. More Volatility Ahead

Mortgage rates moved moderately higher today, and while that leaves the average 30yr fixed rate only slightly higher than it was on Tuesday morning (7.09 vs 7.08), it's also the highest rate in almost exactly 4 months.

In a break from recent norms, the bond market didn't take cues from data or election positioning. Instead, it was a massive move in European bond markets (UK specifically) that spilled over to the U.S. in the morning hours. Once European markets were closed for the day, US bond markets improved and many mortgage lenders were able to offer token improvements in mortgage rates.

Bonds, which dictate mortgage rates, were ultimately able to log a fairly flat performance versus yesterday. That's the second time this week they've been able to show some signs of resilience, but neither attempt has been very impressive.

The lack of conviction isn't surprising given the high stakes events on the horizon. Tomorrow's jobs report could easily send rates sharply higher or lower. Next week's election results and Fed announcement represent similar risks (or opportunities). There's no way to know if these high stakes events will be good or bad for rates--only that the potential reaction is huge.

NOTE: 7.09% is quite a bit higher than what you may see in other news stories about mortgage rates today. That would be due to the overreliance on Freddie Mac's weekly rate survey which is still getting caught up with the day to day reality.

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