

# MORTGAGE RATE WATCH

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## Lowest Mortgage Rates in a Month

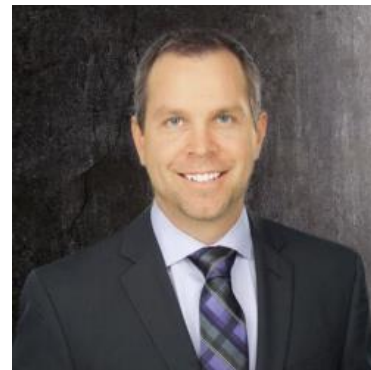
The interest rate market continues the healing process after taking heavy damage in October. During the course of that month, the average top tier conventional 30yr fixed rate increased more than 0.75% and broke above 7.0% for the first time since early July. The first few days of November saw some additional volatility with our rate index hitting 7.13% on November 6th.

Things have calmed down more and more since then. While this doesn't mean there's been a huge correction back toward lower levels, the absence of additional weakness is nearly as big of a victory as we could have seen. Today's installment didn't bring a huge day-over-day change to mortgage rates, but we were already close enough to the 1-month low that a modest improvement is all it took.

Rates take cues from bonds which, in turn, take cues from economic data, among other things. Today was the busiest day of the week for data, but none of it ended up causing a big move in one direction or the other. Instead, bonds calmly continued toward stronger levels.

Be aware that this sort of movement at this time of the year can be a serendipitous byproduct of market motivations that don't have anything to do with the typical motivations. That's an opaque phrase, to be sure, but a high detail explanation would require a novel, and it would be fairly esoteric to boot. Suffice it to say that traders have to make certain trades before the end of the month, and most bond traders would consider that to be today. It shouldn't necessarily be viewed as an indication of additional positive momentum.

This isn't to say that rates can't continue to improve next week, but any attempt to do so would be predicated on the incoming economic data--especially next Friday's jobs report.



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