Mortgage Rates Started Lower, But Ended Higher

Mortgage rates were having a pretty decent day at first. The bond market was only slightly weaker overnight (implies some upward pressure on rates), but quickly improved after the Consumer Price Index (CPI) data at 8:30am ET.

Notably, CPI was right in line with forecasts--something that often results in lower conviction and volatility for interest rates. We only tend to see big reactions to 'as-expected' numbers on the most closely watched reports. In other words, today's market reaction confirms just how closely CPI is being watched.

8:30am ET is early enough in the day that it allows bonds time to improve before the earliest mortgage lenders release their rate offerings for the day. As such, the average lender was 0.03% lower than yesterday when morning rates came out.

The good times only lasted about an hour. Whether it was a reaction to the Bank of Canada's policy announcement (a thing that actually impacted the U.S. bond market today) or strategic repositioning among bond traders ahead of next week's Fed announcement, bonds lost more than enough ground for the average mortgage lender to reissue rates at higher levels in the afternoon.

When the smoke cleared, today's rates ended up being 0.02% higher than yesterday as opposed to 0.03% lower. This isn't a big swing in the bigger picture, but together with the previous two days, rates are now up 0.12% so far this week.

Dale Walker
Mortgage Advisor, C2 Financial
P: (949) 632-1828
M: (949) 632-1828
dwalker@c2financial.com
12230 El Camino Real
San Diego CA 92130
NMLS # 241463, CA DRE # 01491223
C2 NMLS# 135622, C2 CA DRE# 01821025