Mortgage Rates Rise For 5th Straight Day

There's no easy way to say it: it was a bad week for mortgage rates. Actually, it was a bad week for interest rates in general and mortgage rates typically follow the rest of the rate market.

After hitting the lowest levels in a month and a half last Friday, each of the next 5 days saw a modest to moderate increase in the average lender's mortgage rates.

But why?

Rates are tied to the bond market. Movement in bonds dictates what mortgage lenders can offer. Bonds can move for multiple reasons, but if we could only ever consider one input, it would be the broad category of "economic data."

That's what makes this week frustrating. Economic data arguably didn't suggest the type of damage we ended up seeing. Unfortunately, once we move past economic data, rate motivations become much less obvious and much harder to discuss without esoteric bond market jargon.

Suffice it to say that there are factors beyond the domestic economy that have traders shifting their bond holdings. Some of those have to do with end-of-year requirements for financial statements. Some are more focused on getting into position to react to next week's Fed rate announcement on Wednesday. At that point, we'll either see some reprieve, or an acceleration of the recent momentum.

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