

MORTGAGE RATE WATCH

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Mortgage Rates Start New Week With Some Hope

Last week wasn't great for mortgage rates. They moved higher on each of the 5 days. Moreover, there was a distinct lack of logical motivation from the economic data. In fact, on a few occasions, the data argued for lower rates only for things to move in the other direction by the end of the day.

The new week is off to a different start. Today's only relevant economic data argued in favor of higher rates, but the average lender ended the day in slightly lower territory compared to Friday afternoon. Granted, it wasn't a big victory, by any means (many lenders are effectively unchanged), but after last week, we'll take any victory we can get.

Volatility risks increase substantially on Wednesday when the Fed releases its next policy announcement. Out of the 8 Fed meetings per year, 4 of them include an update on each Fed member's rate projections. These meetings tend to produce bigger reactions in rates and this meeting is one of those 4.

As always, volatility can play out for better or worse. Traders are already assuming the Fed will pencil in a slower pace of rate cuts than they did in the September meeting. Some of the recent rise in rates reflects those trades.

The Fed isn't the only game in town. There are a few other economic reports that could help or hurt rate momentum, depending on the outcome. The first of those is tomorrow morning's Retail Sales report which is released at 8:30am ET.

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