

# MORTGAGE RATE WATCH

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## Mortgage Rates Start Higher, But Recover in Afternoon

Mortgage rates are based on trading levels in the bond market and bond market activity has been extremely slow, as is normally the case during the Christmas holiday week. The side effect of the slow activity is the risk of more random volatility. In other words, bonds (and thus rates) can move in either direction (or in both directions on the same day) for no apparent reason.

Today was one of those "both directions" days. At the start of the day, bonds were at their weakest levels in months. As such, it was logical to see mortgage rates begin the day near their weakest levels in months. Fortunately, the worst was over early in the day and bonds improved steadily from then on out.

Mortgage lenders prefer to set rates once per day and they typically only change when bonds move enough. Today's improvement was enough for most lenders to make friendly adjustments by the afternoon. After those improvements, the average lender was back near the levels seen on Tuesday, and slightly below last week's highs.

Top tier conventional 30yr fixed rates continue to operate near the 7.125% mark.



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