

# MORTGAGE RATE WATCH

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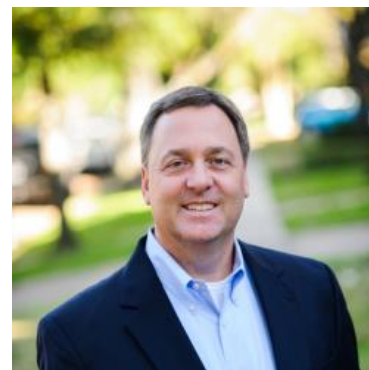
## Mortgage Rates Modestly Lower to Begin Another Holiday-Shortened Week

Because mortgage rates are determined by trading levels in the bond market, when the market is closed, lenders don't update their rate offerings. As such, there were no rate updates last Wednesday for the Christmas holiday and the same will be true this week for New Year's Day.

In addition, it's common practice for the bond market to close early on the day before a major holiday observance (or the day after in the case of Thanksgiving). Most mortgage lenders are still technically open on those half days, but many of them are making more conservative adjustments to rates.

In fact, lenders often take a more conservative approach to entire Christmas and New Year's week due to the inconsistent market conditions commonly seen at the end of the year. While the average lender may be playing it a bit safer than normal today, there has at least been a logical correlation with improvement in the bond market.

Simply put, bonds are doing better today, so the average mortgage rate is lower than it was at the end of last week. The average lender is still over 7% for a top tier 30yr fixed scenario, but just barely.



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