MORTGAGE RATE WATCH
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Mortgage Rates Barely Budge to Start New Week

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The bond market and interest rates have arrived at the first full week of the new year almost exactly where they left off before the X-mas/New Year holiday weeks. There was a small amount of underlying volatility in bonds today, but not enough to translate into volatility for mortgage rates. This kept the average lender near 7.125% for a top tier conventional 30yr fixed rate.

Although the past 2 weeks have been uneventful for rates, the next 2 weeks will be heavily influenced by incoming economic data. There are several honorable mentions over the next few days before getting to this week's headliner on Friday: the jobs report.

The data between now and Friday is certainly capable of causing movement in either direction, but the jobs report is capable of causing much MORE movement. In all cases, bigger volatility requires a bigger deviation from the market's expectations.

Where do expectations come from? Hundreds of economists/analysts submit or publish forecasts for most of the regularly-scheduled economic data. The median of those forecasts is then published as a consensus--effectively THE forecast. In general, if the data suggests the economy is weaker or inflation is lower versus the forecast, it's good for rates.

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