

## Mortgage Rates End Week at Lowest Levels Since December 18th

Back on December 18th, rates began the day fairly close to where they ended the previous day. In the afternoon, rates surged sharply higher following the Fed announcement. Even since then, the average 30yr fixed rate has operated almost exclusively above 7%.

Rates dipped a pinky toe into the 6% range on Feb 5th and then a few more toes last Friday. Now today, we're ending another week with damp digits, right in line with last Friday at the best levels since December 18th.

Today's improvement was initially driven by weak economic data this morning in the form of S&P Global's service sector index dropping sharply to the lowest levels since the middle of 2023. Rates tend to benefit from economic weakness.

The next leg of the improvement was mainly seen in underlying bond markets, and it came courtesy of a big stock market sell-off. Stock market weakness has a mixed relationship with bonds/rates. There are times where they move in unison and other times, in opposite directions. Today's version involved organic, heavy selling in stocks which ultimately pushed some investors into the bond market as a safe haven.

When investors buy more bonds, rates drop, all other things being equal. These additional gains in the bond market occurred after most mortgage lenders published their initial rates for the day. Only a handful of lenders dropped their rates in the afternoon in response to the additional bond market gains.

All that to say: if bonds start out at current levels next week, lenders who didn't update pricing today would be in a position to offer those improvements on Monday morning. But before you simply assume rates will be lower next week, consider that news over the weekend can always cause enough market movement to offset these types of apparent Friday afternoon opportunities.

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