MORTGAGE RATE WATCH

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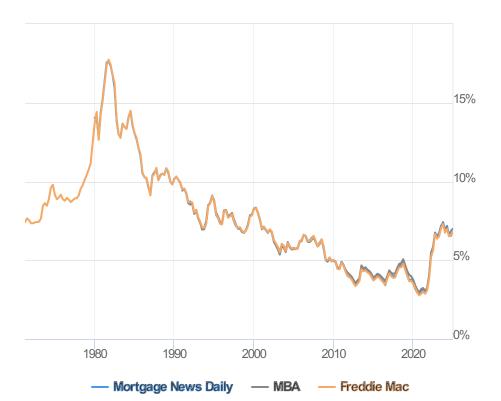
Mortgage Rates Hold Trickle to Another Multi-Month Low

Mortgage rates are directly connected to the bond market, and bonds can seemingly do no wrong over the past week. Specifically, demand for bonds has been strong and steady. Higher demand begets higher prices and, when it comes to bonds, higher prices result in lower rates.

On several occasions since last Friday, we've seen obvious examples of investors moving money out of stocks and into bonds. The risk there is that bonds/rates would bounce back in the other direction if stocks manage to do the same.

But so far, the moderate attempts at recovery in the stock market have **not** spilled over into the bond market. In other words, rates have held their gains very well, even at times when it seemed like stocks might be trying to stage a recovery.

Today didn't see nearly as much movement as several of the past few days, but rates managed to start out right in line with yesterday's levels. By the early afternoon, bonds had improved enough for the average lender to offer a modest mid-day improvement. The result is the lowest average 30yr fixed rate since December 10th.





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