

Mortgage Rates Pulled in Two Directions, But End Day Lower

Mortgage rates are an extension of the financial market, so it's no surprise that they've been more volatile than normal over the past few weeks as markets react to fiscal headlines. The latest dust-up involved Trump's criticism of Fed Chair Powell which resulted in higher rates over the weekend.

Now today we've had several comments from Trump (starting yesterday evening) saying that he was never planning to fire Powell and just generally conveying a more measured tone. Financial markets responded favorably.

Had this been the only news of the day, rates would have dropped almost an eighth of a point. We can arrive at this conclusion due to trading levels in the bond market at the time. But other news pushed back in the other direction.

Specifically, a closely watched gauge of business activity showed the sharpest spike in prices in 13 months in the services sector and 29 months for the manufacturing sector. Higher inflation begets higher rates, all other things being equal.

Many mortgage lenders were forced to raise rates during the day, ultimately resulting in today's average being only modestly lower than yesterday's.

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