

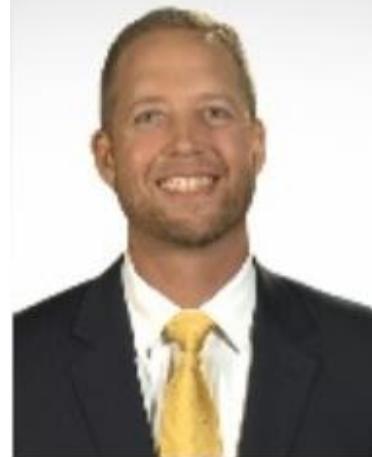


Mortgage Rates Ultimately Unchanged After Starting Higher

Mortgage rates have broadly been in a narrow holding pattern for the past 4 months and an even narrower range during December. Today will do nothing to change that with the average lender ending the day exactly where they left off yesterday.

Earlier today, however, the average lender was offering slightly higher rates. The upward pressure came courtesy of the bond market's reaction to stronger GDP numbers for Q3. But that initial reaction proved to be a temporary overreaction, exacerbated by lighter trading participation associated with the holiday week. In general, lower participation greases the skids for volatility, essentially magnifying the impact of events that might not have much of an impact otherwise.

The bond market is technically open tomorrow (and thus, lenders will publish mortgage rates), but it should be even more heavily affected by holiday trading vibes. Also, there isn't much in terms of important econ data to cause the kind of volatility seen today--no to mention the fact that today's volatility ultimately proved to be non-existent.



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