MORTGAGE RATE WATCH
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Another Decent Drop as Mortgage Rates Move Under 7.2%

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Yesterday, it was a drop below 7.25%. Today, the 7.20% floor was broken. Mortgage rates have been on a tear over the past month and are now back to 7.17% for the average lender.

If there's one thing that deserves most of the credit for this bull run, it's the extreme bearishness in tech stocks. The NASDAQ is now down roughly 14% from the October highs and the drop perfectly coincides with the drop in bond yields and interest rates.

The road ahead is fairly simple: if tech continues causing panic in stocks, interest rates can continue to benefit. The caveat is that the benefit to rates has been getting smaller and smaller relative to the drama in stocks. This would also suggest that any miraculous bounce in stocks would likely prompt a similar correction in rates.

Economic data still matters as well. On that note, tomorrow brings the monthly jobs report, which should always be respected as a potential source of volatility.

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