MORTGAGE RATE WATCH
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Mortgage Rates Trickle Down to 2-Week Lows

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Mortgage rates are primarily driven by day-to-day movement in the bond market. Bonds have been taking cues from turmoil in the stock market--especially among tech companies. With the NASDAQ on track to close at the 2nd lowest level since mid-April, it's no surprise to find bonds and rates are doing fairly well.

Today's rate movement was fairly muted with the average top-tier 30yr fixed rate only dropping 0.02%. Still, that's the best level in exactly 2 weeks.

You may be wondering: if bonds are taking cues from stocks and stocks are near their lowest levels since April, why are rates still so far above their levels from April?

The stock/bond relationship is far from the only consideration for bonds. In fact, there are many times where stocks are moving higher in price even as rates are dropping. There are other times where one side of the market is flat while the other is on the move. Bonds care deeply about inflation, other economic data, and overall bond market issuance levels. All 3 have been pointing toward higher rates for most of the year, but those same 3 factors often help the stock market.

The present phenomenon (stock prices and rates moving in the same direction) didn't really kick into high gear until mid-October when concerns over the pace of AI infrastructure growth began weighing not only on AI-focused stocks, but also on the broader economic outlook.

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