

MARKET SUMMARY

Complete Recap of Today's Market Activity

Another Move to Long Term Lows 'Just Because'

Market Summary: Wednesday, October 19, 2022 - 5:00PM

Today began with more upward pressure on yields, apparently due to a higher-than-expected inflation report in the UK. That jived with much of the recent analysis which gives plenty of credit to UK market volatility for spilling over to the US. A closer look at this week's US vs UK yields shows a breakdown in the recent correlation--one in which US yields are continuing higher while UK yields are recovering. We were left with explanations so unsatisfying that they may as well be filed under "just because."

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Another Move to Long Term Lows 'Just Because'.mp4



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Today's Mortgage Rates

30YR Fixed 7.22% +0.07%

15YR Fixed 6.55% +0.17%

10/19/2022

Mortgage Rates Sneak By Without Much Change

were generally unchanged today, but not without plenty of volatility in between. Mortgage lenders would prefer to set their rates once per day in a perfect world, allowing the bond market an hour or two of active trading and then locking in their rate offerings around 10am Eastern time.

When bonds end up experiencing volatility, lenders are forced to "re-price" to higher or lower rates. The average day of volatility tends to see those reprices occur in one wave and in one direction. In other words, the bond market typically goes on one run of sufficient size to cause reprices on the days where it goes for a run at all.

Recently, however, we've been seeing 2-3 runs a day resulting in a lot of back and forth on the part of mortgage lenders. They'll start the day in one place, raise rates by mid day, and then drop rates by the end of the day. The overall count of intraday reprices has been much higher than normal and the split between positive and negative reprices has been even more abnormal.

Today was just another day in that regard with rates rising above yesterday's levels by noon and then gradually dialing back by the close of business. The average lender is ending the day roughly in line with yesterday's levels to just slightly higher.

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20 Year High Rates as Inflation Persists. Any Hope in Sight?

Unsurprisingly, the market remains intently focused on inflation as the key driver of Fed policy and rate volatility. This week, the biggest inflation report combined with more UK market drama to push rates to another 20yr high. The UK doesn't typically factor into our assessment of market movement in the US, but the past 3 weeks have been a notable exception. The following chart sho...

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-  Advanced Loan Comparison
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-  Should I Refinance?
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