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Mortgage Rates Continue Rising From Long-Term Lows

Mortgage rates were higher again today, extending a 2-day move from the lowest levels since early 2018. The size and pace of the late 2018 improvements introduced the risk of a bounce even before last Friday's key events. But after those events, the correction has been fairly swift. Let's break those last two sentences down, as they contain a lot of implied information that isn't readily accessible without some background.

Rates are based on trading in the bond market. Like other markets, when momentum becomes lopsided, there's a **risk of a correction**. Momentum had arguably become lopsided in favor of lower stocks prices and interest rates heading into last week. That created one aspect of risk for low rates.

The other aspect of risk came from events that transpired on Friday. Bond markets (and thus, interest rates) are typically quite interested in the jobs report (which comes out on the first Friday of any given month) as well as critical update from the Federal Reserve. Last Friday contained a **much-stronger-than-expected** jobs report (not good for rates) as well as a speech from Fed Chair Powell that added upward pressure on rates.

By the time we combine the event-based pressure with the already-mounting momentum based risks, rates haven't wasted much time bouncing back toward higher levels. The only question is where this particular bounce will stop. Today's negative momentum isn't as severe as Friday's, but we'd need to see the upward momentum **actually stop** before assuming that the rates will be able to hold on to a majority of their late 2018 improvements.

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National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	4.59%	-0.01	0.40
15 Yr. Fixed	4.15%	-0.01	0.40
30 Yr. Jumbo	4.38%	0.00	0.00
Freddie Mac			
30 Yr. Fixed	4.45%	-0.49	0.40
15 Yr. Fixed	3.88%	-0.48	0.40
5/1 ARM	3.87%	-0.27	0.30
Mortgage Bankers Assoc.			
30 Yr. Fixed	4.96%	-0.01	0.49
15 Yr. Fixed	4.39%	+0.01	0.50
30 Yr. Jumbo	4.93%	+0.01	0.31

Rates as of: 1/22

MBS and Treasury Market Data

	Price / Yield	Change
MBS FNMA 4.0	101.73	+0.06
MBS GNMA 4.0	102.22	+0.05
10 YR Treasury	2.7410	-0.0470
30 YR Treasury	3.0620	-0.0380

Pricing as of: 1/22 5:05PM EST