

Nice Bounce Back For Mortgage Rates After Rocky Start This Week

By: Matthew Graham | Thu, Nov 12 2020, 4:24 PM

Earlier in the month, mortgage rates rose somewhat abruptly as lenders got in a defensive position ahead of the election. They'd learned in 2016 **just how volatile** the bond market (the key ingredient in the rate movement equation) could be after an election and it made sense to minimize exposure to risk. Following the election, rates improved just as quickly, with the average lender at the best levels in weeks last Thursday. But at the beginning of the current week, Pfizer's vaccine news caused bonds to jump again. In the blink of an eye, rates were back up to the levels seen just before the election.

Today always stood a chance to **offer some clarity** for rate trends. Markets move in one direction heading into a trading holiday and then bounce back afterward. This isn't a rule, however. We can also see an unpleasant continuation of rate spikes on the other side of a holiday. Either way, we were going to learn something today.

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As it happens, we learned **good** things. Bond traders showed up ready to buy from the outset (that's a good thing for rates). Mortgage lenders offered improved pricing in the morning and many adjusted rates even lower in the afternoon. The changes weren't huge, but they do help reinforce a range in rates, marked by the recent highs seen on Tuesday and before the election. While there's no guarantee the positive momentum will continue, today's strength means there's a fighting chance as opposed to more cause for concern.

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