Mortgage Rates Slightly Lower to Begin New Week

By: Matthew Graham  |  Mbn, Apr 4 2022, 4:00 PM

Mortgage rates are fresh off their best week since early March in terms of outright improvement. The catch is that they were at the highest levels since late 2018 immediately before that. Market participants refer to these sorts of bounces as "technical" because it's hard to say if they are driven by actual shifts in the things that normally effect rates or simply a reaction to the recent rate movement itself.

Even more simply put, rates may just be blowing off some steam here. Still, technical bounces shouldn't automatically be discounted as false alarms. As we've discussed many times in recent weeks, the higher rates go, the closer they are to finding a ceiling that lasts for more than a day or two.

Today's movement was too small to give us much info about how solid the most recent ceiling may be. All we can know is that potential remains and that we still need several more days of trading before we should start seriously entertaining the idea of a broader bounce.

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With that in mind, the upcoming release of the "minutes" from the most recent Fed meeting (3 weeks ago) is scheduled for Wednesday. It should give investors a clearer picture on how the Fed plans to shrink its balance sheet in 2022--something that can have a big impact on rate momentum.

As for today, we can enjoy a very modest improvement in rates and continue to wait for bigger news to cast a bigger vote on whether the next move is higher or lower.

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