Another Day, Another 4-Month Low

By: Matthew Graham  |  Wed, Dec 6 2023, 4:47 PM

Mortgage rates are hitting lower milestones like it's their nine to five recently and today was just another day at the office. The average lender was only modestly lower versus yesterday, but since yesterday was effectively a 4 month low, today therefore deserves the same recognition.

In fact, today's version is a bit more legitimate as we no longer need to make any excuses for the brief moments on August 6th-9th when the average was microscopically lower. Today's rate sheets are now clearly a bit better than those.

If rates seem determined to improve, it's because economic data has remained supportive of that effort. Today's ADP Employment was lower than expected. While this wasn't a huge deal for rates, it didn't hurt. 15 minutes later, Q3 labor cost data came in 0.3% below forecasts, adding to the gains. After the data, oil prices and foreign central bank comments helped maintain the supportive environment.

These factors won't always ensure the same reaction in rates, but at present, the bond market is receptive to any sign of a shift in the economy, inflation, and the official policy response. On that note, there's a lot of anticipation for Friday's big jobs report and the updated rate outlook from the Fed next Wednesday. In short, markets are increasingly getting in position for the data and the Fed to confirm that the perceived shift in rate momentum is valid and sustainable.

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